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NEWS SUMMARY

GENERAL

French to investigate Exocet aid claims

France's Defence Ministry is to seek into accusations that a nine-man French team in Argentina helped equip Exocet-launching Super Etendard aircraft during the Falklands crisis.

A ministry statement said instructions had been given at the outset of the conflict that no military assistance was to be given to Argentina.

An inquiry had been set up to establish whether this embargo had been respected.

Exocet missiles sunk HMS Sheffield and the Atlantic Conveyor. Page 2

Police pay

The Government is expected to accept a recommendation by the Police Negotiating Board for a 10.3 per cent pay increase for police. Page 5

Chocolate ban

Imports from Italy and sales of "Tommy Junior" and "Rockey Junior" chocolate bars have been halted following 37 cases of salmonella food poisoning in Lancaster.

Creche call

Labour MP Gwilyn Roberts called for a creche in the Palace of Westminster which he describes as "purpose-built for elderly and middle-aged male domination."

Present shock

A newly-wed Flamborough, North Humberside couple found dustmen had taken £250 worth of wedding presents stored in cartons near dustbins while they were decorating their home.

Flood toll 196

More rain threatened southern Japan as the death toll in floods there rose to 196 with 187 missing feared dead.

Bombings foiled

Spanish police foiled several bomb attacks during the World Cup by detaining suspected Basque and Croatian guerrillas, Interior Ministry sources said.

Hijackers killed

Five hijackers were overpowered by crew and passengers and killed when they tried to commander a Chinese airliner to Taiwan.

Gift donkey

A Brazilian who wants to give Pope John Paul II a donkey went on hunger strike in St. Peter's Square until the pontiff accepted the gift, he said.

Hinault victory

Frenchman Bernard Hinault won the Paris final stage and overall honours for the fourth time in five years in the Tour de France cycle race.

Arnoux wins

Rene Arnoux of France in a Renault won the French Grand Prix in Le Castellet with teammate Alain Prost second followed by French Ferrari drivers Didier Pironi and Patrick Tambay.

Briefly. . .

England's soccer rebels arrived back from their South African tour, cut short after a boycott by black players and fans.

Zail Singh, 66, born in a mud hut, was sworn in as India's seventh president.

Greek express train derailed near Drama killing eight, injuring more than 30.

BUSINESS

Imports curb on coal cost £20m

● GOVERNMENT restrictions on UK coal imports cost the taxpayer about £20m in the last financial year. The sum is forecast at more than £35m by the end of 1982. Back Page; Coal for France fuels controversy, Page 4

● ACCOUNTANTS voting against withdrawal of the current cost accounting standard SSAP 16 appeared to be narrowly in the lead in the final days of voting. Back Page

● BANKING union fears job cuts of one-in-10 in Europe over the next decade. The impact of new technology, Page 5

● TYNE AND WEAR council to trying to block Trafalgar House subsidiary Cunard from ordering in the Far East a replacement for the Atlantic Conveyor, sunk in the Falklands. Page 5

● WEST MIDLANDS has attracted £2.4m investment and 150 jobs. Page 4

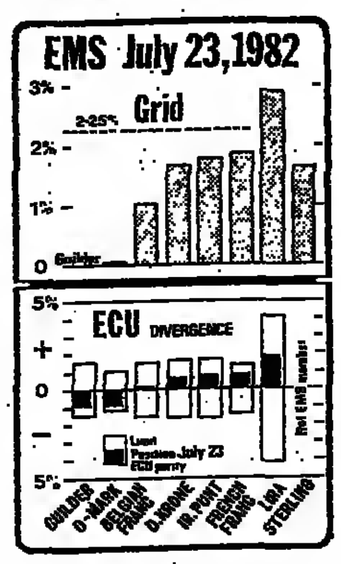
● BRITISH AIRWAYS is conducting an inquiry into losses which could be more than £20m a year, from the sale of discounted tickets to "bucket shops."

● BRITISH SUGAR is urging shareholders to reject a £282m bid from S. & W. Berisford commodity trading group. Page 12; Lex, Back Page

● TAYLOR WOODROW is drawing up plans for private financing of public works such as sewerage and airport facilities. Back Page

● GENERAL MOTORS is aiming to boost its presence in the European commercial vehicle market by importing from Japan. It is to form a joint company with its Japanese associate, Isuzu, and aims to set up a chain of about 700 dealers in nine Continental countries, excluding Britain, Italy and France.

● EUROPEAN interest rates eased in the wake of falling Eurodollar rates and the weakening of the dollar last week. The Belgian National Bank was able to cut Treasury certificate rates without putting pressure on the Belgian franc within the European Monetary System. The D-mark and Dutch guilder, potentially the two strongest members of the system, remained at the bottom of the EMS, while the Italian lira stayed firm at the top.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

EEC to draw up new proposals for cutting steel exports to U.S.

BY GILES MERRITT IN BRUSSELS

REPRESENTATIVES of the EEC governments are to meet in Brussels today and tomorrow to hammer out the details of a new deal cutting global steel exports to be negotiated with the U.S. in early August. It will comprise all products except pipes and tubes.

The talks aim to resolve the transatlantic steel row that threatens some $3bn of EEC exports, following two recent rebuffs by the U.S. They will therefore centre on the degree to which the Community should soften its previous position and accept U.S. quota restrictions.

In Washington, the U.S. Administration said it welcomed the decision to continue discussions. But Mr Lionel Olmer, U.S. Under-Secretary of Commerce for International Trade, stressed that any settlement would have to "resolve the injury caused to the U.S. steel industry by subsidised steel imports."

In London there was evident relief at the breathing-space won in the negotiations but there are worries that whatever the outcome of the EEC talks, Britain's ailing steel industry will face another severe blow from American trade restrictions.

Mr Peter Rees, Minister of State for Trade, admitted it appeared unlikely that Britain would be able to continue exporting the same tonnage of steel to the U.S.

The British Steel Corporation said it would have to seek other markets to replace any cuts in exports to America demanded by the U.S. Government.

The decision to launch a fresh European steel initiative was taken at an extraordinary week-end meeting of the EEC Council of Ministers after it became clear that a plan for concerted bilateral restraint agreements between the U.S. and four EEC countries most affected by preliminary U.S. countervailing duties could not succeed.

The offer of 10 per cent U.S. market share reductions up to end-1985 by Britain, France, Italy and Belgium, and an export freeze by other EEC steelmakers, had already been abruptly rejected by Washington and plainly could not be revived in time to meet the deadline for such pacts set by the U.S. on Saturday night.

Like the earlier EEC bid on July 17, for a global steel deal, which failed, the bilateral offer foundered on the "numbers gap." This still separates the U.S. and the Community, since Washington had demanded a 35 per cent cut in market shares.

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Steel victory may prove costly, Page2

ACTION ON FERTILISER

BY SUE CAMERON

FURTHER SIGNS of deteriorating trade relations between Europe and the U.S. came with an announcement this weekend that the EEC is to impose a 6.5 per cent provisional anti-dumping duty on two American fertiliser producers.

The companies, Allied Corporation and Transcontinental Fertiliser, were exempted early last year from the full 6.5 per cent duty on imports of nitrogen solution because they agreed to raise their prices to eliminate the "dumping margin." They are now reported to have renounced their undertakings.

European fertiliser producers widely regarded last year's general duty as ineffective because it was too low and a number of U.S. companies escaped it.

Imports of cheap U.S.-made nitrogen solution are still said to be seriously undermining European fertiliser prices, particularly in France. French producers are reportedly offering rebates of up to 15 per cent off their list prices because of competition from imports.

HP relief planned to boost economy

By Margaret van Hattem, Political Staff

THE GOVERNMENT will announce this week measures to give a small lift to the economy and relieve unemployment.

Lord Cockfield, the Trade Secretary, is expected to anoounce today the relaxation of hire-purchase controls on cars.

Further announcements are due tomorrow in an unemployment debate in the Commons, when Mr Norman Tebbit, the Employment Secretary, is expected to announce details of a £150m-a-year scheme, drawn up by the Manpower Services Commission (MSC), to provide community work for the unemployed.

In the same debate Sir Geoffrey Howe, the Chancellor, is expected to announce the extension of the number of enterprise zones, in which new businesses are offered tax and rates concessions.

The jobs scheme is understood to cover non-commercial voluntary work, such as that for charities and local government projects. Finance will come out of the annual £150m allocated to unemployment schemes in the March budget. The MSC is to meet tomorrow to approve final details in time for the afternoon debate.

The new measures have been the subject of widespread speculation in recent weeks and appear to have been already discounted by the Opposition. They are therefore unlikely to defuse Labour criticism of the latest unemployment figures, published last week.

At this stage, the Government appears more concerned to end the current session of Parliament with a show of unity on its back benches and in the Confederation of British Industry. The relaxation of restrictions on hire purchase is likely to be welcomed by MPs with manufacturing constituencies in the West Midlands. They have long been pressing for help for makers of cars and car components.

However, the measures are unlikely to satisfy wider demands for further stimulus to industry. Although the Chancellor is likely to emphasise the benefits to industry of the 1.5 per cent cut in the National Insurance surcharge, which was announced in the Budget and is to come into effect this week, he is expected to come under increasing pressure for a further cut.

Lex Back Page

F.T. MARPLAN POLL

Industrial chiefs favour enforced strike ballots

BY JOHN LLOYD, LABOUR EDITOR

SENIOR DIRECTORS of big companies would like to see the Government giving priority to enforcing compulsory union secret ballots before a strike is called, according to a Marplan poll conducted for the Financial Times.

This strong expression of opinion among top managers is revealed at a time when Government is about to issue a consultative document on trade union reform, with a view to legislation before the next election.

However, Mr Norman Tebbit, the Employment Secretary, has indicated that he favours pre-strike ballots less than statutory provision for compulsory ballots to elect union officials — a reform which attracts much less support from the directors questioned.

Asked what reform of industrial relations law they would most like to see, 15 per cent of those polled spontaneously chose secret pre-strike ballots. When specifically asked if they would like to see such ballots in legislation, 81 per cent agreed and only 7 per cent disagreed (2 per cent did not know).

Compulsory election of union officials, by comparison, only attracted the spontaneous support of 4 per cent.

Confrontation

The poll, taken earlier this month among 500 senior directors, including personnel directors, in large companies also shows that most regard the present Employment Bill—now ending its progress through the Lords—as presenting little threat to industrial relations in their companies.

An average of 72 per cent of respondents felt that their workers "don't care one way or the other" about the Bill, while a further 16 per cent thought they felt strongly, but not strongly enough for a major confrontation.

Only 2 per cent thought it would lead to a confrontation, and 5 per cent thought their workforce would actually welcome it.

Generally, a fair majority—60 per cent—thought the Bill was "about right," compared with 20 per cent who thought it went too far and 13 per cent not far enough.

In this set of responses, as in others, personnel directors polled showed a small but significant tendency to be less extreme in their opinions than their senior colleagues. In giving their general opinion of the legislation, 25 per cent of personnel directors thought it went too far, against 13 per cent of others.

Asked which of the Bill's main provisions was "very or fairly positive," 63 per cent liked the clause which open union funds to liability for the unlawful acts of officials, 62 per cent liked the narrowing of the definition of a trade dispute and 60 per cent liked being given a wider ability to dismiss strikers. In each case except the last, fewer personnel directors liked the provision than other executives.

Beneficial

Paradoxically, perhaps, 80 per cent of the directors said that their companies had no policy on whether to resort to the law to settle problems of industrial relations, and 86 per cent said they had never done so.

Less than half—43 per cent—thought that greater efficiency could be achieved through better industrial relations. However, 56 per cent said greater efficiency could be achieved through other changes.

More than half—57 per cent—thought the Bill would have a beneficial effect on the economy, with 31 per cent believing it would make no difference and 12 per cent saying it would be bad for the economy.

One response is likely to sadden Mr Tebbit, given his insistence that managers should consult as fully as possible with their workers. The directors said that line managers had been consulted on the Bill in only 33 per cent of cases, that it had been discussed by the board in only 22 per cent of cases; and only 16 per cent said the Bill's provisions had been discussed with the workforce.

Between July 13 and 10, Marplan conducted 500 interviews with senior directors in private and public companies with a turnover of more than £5m. The main sample was drawn from the Dun and Bradstreet Market Facts file and interviews were conducted by telephone from Marplan.

Details, Page 5

Habib paid as consultant says Bechtel Corporation

BY ANATOLE KALETSKY IN WASHINGTON

MR PHILIP HABIB, U.S. special peace negotiator in the Middle East, is a paid consultant for the Bechtel Corporation, it was disclosed yesterday in Washington.

Mr Habib is expected in London later today for further talks on the Lebanon crisis with King Hussein of Jordan, who is here on a private visit.

The disclosure, which was confirmed by Bechtel, could seriously undermine U.S. efforts to mediate in the Lebanon crisis, and reopen questions about the link of Mr George Shultz, the new Secretary of State, with Bechtel.

Mr Shultz and Mr Caspar Weinberger, before his appointment as Defence Secretary, were both employed by Bechtel, a company which has extensive business interests in the Arab world and was accused by the Justice Department in 1976 of co-operating illegally with an Arab anti-Israeli embargo. The case against Bechtel was settled out of court.

The Bechtel Corporation said at the weekend that it was Mr Shultz, who, when he headed the corporation, hired Mr Habib last year as a consultant.

Mr Tom Flynn, the Bechtel spokesman, said that Mr Habib's duties for the corporation were very minimal. Bechtel had had "almost no contact" with Mr Habib since he began his peace mission in the Middle East in June.

A White House spokesman would say only that Mr Habib had the President's complete faith and was "working for the President in theMiddle East and is doing a great job."

Mr Habib, who has spent most of his life as a career diplomat, retired from the State Department in 1978.

Habib steps up peace effort. Page 2; Californian connection, Page 10

Zimbabwe air base sabotaged

BY TONY HAWKINS IN HARARE

SABOTEURS attacked Zimbabwe's main Air Force base at *Thornhill, near the Midlands* city of Gweru, in the early hours of Sunday morning, damaging 12 war planes, according to Zimbabwean officials.

The 12 aircraft damaged, it was not clear how severely, included four of the eight new British-built Hawks, worth over £20m, which arrived in Zimbabwe only *10 days ago*. Other damaged aircraft were believed to be seven Hawker Hunter jetfighters and a Lynx spotter plane.

Zimbabwe's Air Force has about 80 aircraft, most bought in the 1950s and 1960s.

It was the third major sabotage attack in the country since independence in 1980. A munitions dump explosion last August was officially blamed on *South African agents*.

A bomb destroyed the headquarters of the ruling Zanu-PF party in Harare last December. Late last month gunmen fired on the home of Mr Robert Mugabe, the Prime Minister.

There was no immediate word on the identity of the saboteurs responsible for the Thornhill attack. They may have been dissident members of the disbanded guerrilla army of Mr Joshua Nkomo, the minority leader, though suspicion will also fall on South Africa.

Between 1,500 and 2,000 dissidents have operated since *early this year in western* Zimbabwe. More than 30 people have been killed in recent months.

The apparently well-planned attack was less than 48 hours after abduction of a party of 10 tourists travelling by road from the Matabeleland capital of Bulawayo to Victoria Falls on Friday night.

Four of the tourists were subsequently released with a note signed by "Zipra forces" demanding the freedom of two senior Zipra military commanders detained by the security forces earlier this year after discovery of massive secret arms caches on property owned by Mr Nkomo's Zapu party.

Closure threat Page 2.

French trade hits 14-year low

BY DAVID HOUSEGO IN PARIS

FRANCE recorded *her worst* monthly trade figures for 14 years in June with a deficit, on a seasonally-adjusted basis, of FFr 13.3bn (£1.1bn).

This is four times more than in May and brings the total trade deficit for the first half to FFr 43.2bn. In the first six months of 1981 the deficit was FFr 22.3bn, half this year's level.

As a result the Ministry of External Commerce has again revised upward its estimate of the deficit for the year, which it now puts at FFr 85-90bn, against FFr 59bn in 1981.

Exceptional circumstances in part explain the bad June figures, but these also reflect worrying underlying trends. The main adverse factor was the increased franc cost of imports, particularly oil, as a result of the second devaluation of the franc on June 12 *and the* strength of the dollar.

Cost of oil imports rose to FFr 16.2bn in June as compared with an average of FFr 13bn in the four previous months.

The most worrying feature is the virtual stagnation of exports in monetary terms since September, in part the result of sluggish world trade, but indicating that initial devaluation of the franc last October did not give the boost to French sales that might have been expected.

For 1981 as a whole exports climbed by 17 per cent.

Equally indicative of the apparent loss of competitivity has been the sharp increase in imports of cars and electrical household goods.

France's trade surplus in cars and automobile components shrank in the first six months to FFr 11bn, compared with FFr 14bn in the same period last year.

Sales of foreign cars in France rose by 19 per cent in a year, and in May accounted for 32 per cent of new registrations.

The deficit on electrical goods rose in the first half of the year to FFr5bn from FFr3bn in 1981. The disappointing performance in both sectors confirms that the shortlived recovery of the French economy benefited foreign manufacturers more than French.

In line with this trend France's deficit with the EEC rose to FFr28bn for the first six months, against FFr10bn in the same period last year.

The deficit was sharpest with West Germany, FFr17bn (FFr9bn in 1981), but there was a sharp deterioration with Italy.

The FFr5.8bn surplus for the first half of 1981 was transformed into a deficit of FFr1bn.

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OVERSEAS NEWS

French investigate reports of military help for Argentina

BY DAVID HOUSEGO IN PARIS

THE FRENCH Ministry of Defence said yesterday an inquiry had been set up to establish whether the Government's embargo on military assistance to Argentina during the Falklands war had been respected.

The announcement follows reports in the Sunday Times that a nine-man French technical team was in Argentina throughout the war and helped equip Super Etendard planes for launching Exocet missiles. It was Exocet missiles which sunk the Sheffield and the Atlantic Conveyor.

The accusations are inevitably embarrassing to the French—and would be more so should they receive official backing in Britain.

President Francois Mitterrand expressed strong support for Mrs Thatcher at the outset of the dispute when he condemned Argentinian aggression against British territory, and France remained firmly on Britain's side throughout the war. There remains no reason to doubt the sincerity of the President's views which reflect France's concern that Argentina's seizure of the Falklands should not set a precedent for similar pre-emptive occupation of France's overseas territories by other nations.

The puzzling aspect of the affair is that the British Government is believed to have told France on two occasions that it believed that Dassault—manufacturers of the Exocet—was breaking the embargo. Seven of the French team were from Dassault according to the Sunday Times. A company official yesterday declined to comment.

The statement from the Ministry of Defence emphasised that instructions had been given at the outset of the conflict that no military assistance was to be given to Argentina. In particular, the statement said, the Government had ordered that no work should be carried out on equipment used by units involved in the Falklands conflict.

The statement recalled that France had suspended all "prospecting, negotiation, sale and export of military equipment to Argentina" and added that this "total embargo has been completely respected." No deliveries of military equipment had been made to Argentina since the outbreak of hostilities.

● Mrs Margaret Thatcher, the UK Prime Minister, and Mr John Nott, Defence Secretary, are expected to face a barrage of questions on the alleged involvement of the French team during question time in the Commons tomorrow.

There was no official comment on the report yesterday.

Mr Tam Dalyell (Lab, West Lothian) wrote to Mrs Thatcher yesterday asking her to seek an urgent meeting with M Mitterrand.

"I have repeatedly in the last three months raised in the House and privately with Ministers my doubts as to whether Dassault were co-operating with the public posture of the French Government in the supply of weapons to Argentina," he wrote.

Habib steps up Lebanon peace effort

By Our Foreign Staff

MEDIATORS from the U.S. and the Arab world yesterday stepped up their efforts to find a solution to the Lebanon crisis as Israeli jets bombed Beirut for the fourth consecutive day and Palestinian and Israeli gunners traded artillery fire within the besieged capital.

Mr Philip Habib, President Ronald Reagan's special envoy, landed in Rome last night for talks with Sig Emilio Colombo, the Italian Foreign Minister, after an apparently fruitless attempt in Cairo to persuade the Egyptian Government to offer refuge to Palestinian guerrillas trapped in Beirut.

The official Middle East News Agency reported later, however, that Mr Kamal Hassan Ali, the Egyptian Foreign Minister, would visit Washington this week for further negotiations.

Mr Habib, meanwhile, is expected to fly to London today to meet President Hussein of Jordan, who is on holiday in the British capital.

In Damascus, Crown Prince Abdullah of Saudi Arabia held talks with President Assad of Syria while the Syrian Foreign Minister, Mr Abdul Halim Khaddam met a special envoy from Libya.

Syria, too, has been asked by Mr Habib and other peace-seekers, to take evacuated Palestinians from Beirut.

Israeli warplanes swooped low over the capital yesterday morning and struck the Palestinian refugee camp close to the Arab university, Palestine Liberation Organisation headquarters and the airport.

Israeli forces and Palestinian gunners also traded artillery and tank fire across the museum crossing, one of the passageways between east and west Beirut.

Steel victory may prove costly

Paul Cheeseright looks at the EEC's uphill battle to protect its position

THE U.S. has won its latest tussle with the EEC to restrict foreign steel sales to the American market. The likely political repercussions suggest the victory may be costly in terms of transatlantic trade relations.

EEC governments today start work on new proposals designed to safeguard the position of their steel producers on the U.S. market. Yet, in a struggle of power and procedure, they have little leverage.

The basic choice for EEC governments—since the U.S. last month imposed preliminary countervailing duties of up to 40 per cent on some European producers—has been to accept the likelihood that the duties would become final or to negotiate an agreement which would restrict access to the U.S. market.

In either case, European producers face reduced sales. In the case of British Steel, where the duties on half its U.S. sales would be 40 per cent, some of its products would be effectively barred from the market.

The approach adopted was to seek a sales restraint agreement. That approach foundered over the weekend when, following the U.S. rebuff of an EEC 10 per cent reduction offer, the negotiations were caught up in the U.S. legal timetable for the imposition or suspension of the duties.

The deadline for a final determination on the duties, under U.S. law, is August 24. Had the U.S. Government wished independently to suspend all investigations leading to the imposition of duties, it had to give 30 days notice to the U.S. steel companies which in the first place had initiated complaints against European subsidies.

Now the U.S. Government cannot suspend the process without the consent of the U.S. steel companies. But the companies consistently have wanted the duties put in place as a permanent solution to what they consider to be the unfair competition of European producers, whose sales on the U.S. market climbed sharply last year.

The U.S. steel companies thus have no motive to accept any European proposals which do not restrict sales more than the EEC has hitherto been prepared to contemplate.

The EEC will therefore go into new negotiations in the knowledge that the other side already has what it wants—unless, that is, the Reagan Administration perceives a wider interest in seeking to induce the U.S. steel companies to change their stance.

The steel dispute is ranged along side other long-standing and increasingly bitter quarrels over issues like East-West trade and the future of the Siberia-West Europe gas pipeline, and EEC agricultural trade policy.

"I see no evidence following the events of the last 24 hours that the U.S. Government has appreciated fully the damage which some of these measures are doing to U.S.-EEC trade relations," Mr Peter Rees, the UK Minister for Trade, said yesterday.

The bitterness implicit in this remark seems to spring at least in part from a British feeling that the U.S. Department of Commerce had led London to believe that there was a chance of a bilateral agreement on steel, only to change its mind at the last moment and declare that any agreement should be global.

But the UK's search for a bilateral agreement was in itself an indication of the alternate uniting and dividing which has taken place in the EEC over the last six weeks on the steel issue. The U.S., just by allowing its legal procedures on the imposition of countervailing duties to go forward, has made the EEC squirm.

The subsidy findings, which singled out the UK, French, Belgian and Italian producers as being those on whose products duties should be levied immediately, created a division of interests within the EEC. This was mitigated to some degree by U.S. insistence that pipes and tubes should be included in any agreement to stave off duties, thus engaging West German opposition.

Then, by blocking Commission initiatives for a restraint settlement, the U.S. inevitably pushed the country likely to be most damaged into the search for a bilateral agreement. Hence the UK sent a team to Washington at the beginning of last week, even though a concerted bilateral approach to the U.S. was taking place under Commission auspices in Brussels.

The U.S. change of mind to insistence on a global approach—that took place last Saturday evening — then pushed the EEC together again, but it also pushed it back.

In one form or another the EEC has been talking with the U.S. about steel restraint since last autumn, when the complaints from the U.S. steel industry about rising imports were mounting to a crescendo. It now has to start negotiations afresh with a question overhanging any mandate worked out for the Commission.

Sanctions 'could backfire'

A classified report by the U.S. State Department has warned that Western trade sanctions against the Soviet Union could seriously backfire on the U.S. and its European allies, Peter Bruce writes from Washington.

The report, published amid increasing tension between Western Europe and the U.S. over President Reagan's attempts to stop European companies using U.S. technology in the Soviet gas pipeline, warns that a sharp reduction in exports to the Soviet Union might be much more costly to Western exporters initially.

The State Department analysis, which dealt only with manufactured goods, calculates that if the major Western industrial nations cut their exports to the Soviet Union by half this year and in 1983, Soviet economic growth would be slowed by just 0.2 per cent annually, or by $4.5bn over the two years.

Such sanctions would cost Western exporters about $30bn, the report says. A total ban on manufactured exports would cost the Soviet economy $12.5bn in growth over two years.

While the report, written by the State Department's Bureau of Intelligence and Research, acknowledges that the effect on Moscow of sharply reduced trade might be "somewhat understated" because of difficulties in measuring bottlenecks caused by a loss of certain high technology items, it does suggest "caution in expecting significant, immediately visible damage to the Soviet economy from trade reductions."

Zimbabwe group fourth to warn of closure

By Tony Hawkins in Harare

THE ZIMBABWE Iron and Steel Company (Zisco) has warned the Government that without substantial financial assistance it might have to close at the end of the year.

Zisco, which is 49.7 per cent state-owned and therefore effectively state-controlled, is said to be losing Zim$1.5m (£1.1m) a month.

It is estimated the company needs an injection of some Zim$25m.

Zisco is the fourth major Zimbabwean business to have publicly warned the Government of possible plant closures and redundancies. The others are all mining groups — MTD Mangula Copper Mine, Empress Nickel Mine and Zimbabwe Alloys.

At the weekend, Zimbabwe Alloys said in its annual report that it had increased its borrowings by more than 40 per cent (about £12m) in the past year and would need further borrowings of roughly the same order to maintain output and employment at current levels.

This would be "financially imprudent," it said, adding that the banking system would be unable to provide such loan facilities anyway.

The mining groups and Zisco are all drawing attention to common problems mainly caused by the world recession —depressed world export markets and prices allied with escalating domestic costs, especially wages, interest and, later this year, electricity tariffs.

Zisco, Zimbabwe's sole steel producer, has a capacity of 1m tonnes of liquid steel a year. Some 30 per cent of output is for domestic consumption and the rest is exported.

Last year, Zisco's steel exports were valued at £30m, accounting for nearly 5 per cent of Zimbabwe's exports.

Zisco employs some 5,700 people and closure would have disastrous consequences according to Mr David Young, the company's chief executive.

Production this year is forecast at 600,000 tonnes of steel. Shareholders in Zisco, apart from the Zimbabwe Government include Messina Transvaal, Tanks, Roan Selection Trust, Anglo-American Corporation and the state-owned British Steel Corporation.

Early this month, Zisco announced a 25 per cent rise in its domestic steel prices in an effort to improve its financial position.

Last week, the Government said it would shortly introduce a system of export incentives to assist industrial exporters. While this may help Zisco to some degree, it is also being taken as evidence of the Mugabe Government's opposition to any devaluation of the Zimbabwe dollar. Many businessmen here see devaluation as the best short-term policy given the depressed state of the entire export sector.

Soviet growth rate falls short of target

BY ANTHONY ROBINSON IN MOSCOW

SOVIET industrial output in the first six months of this year grew by 2.7 per cent and productivity by 2 per cent, the lowest first-half results since the war. Growth was well below the 4.7 per cent annual growth target and much less than the estimated 4-5 per cent annual rise in military spending, according to figures from the Central Statistical Board.

Faced with the prospect of the fourth bad harvest in a row, Soviet growth, traditionally fuelled by the exploitation of new energy and raw material resources, appears to have run out of steam.

Statistically the first-half results look better than the 2.1 per cent growth over the first quarter. However, this partly reflects the way in which hectic overtime working and disregard for quality boosts end-of-account results and ensures bonus payments for workers and management.

Oil has ceased to be the dynamic growth sector it was over the past two decades. Output of oil and gas condensate rose a mere 2m tons to 303m tons, compared with the first half of 1981. Gas production soared above target to 247bn cubic metres from 228bn cubic metres.

Coal output stagnated at 363m tons, compared to 360m tons in the first half of last year, but electric power output rose 3 per cent to 686bn.

Despite the rise in electric power use, key heavy industrial sectors and rail transport performed badly. Steel output fell from 76m to 74.5m tons and production of steel pipes, vital for fulfilment of the ambitious 20,000 km gas pipeline construction target in the current five year plan, fell from 9.1m tons to 8.9m tons.

Cement production fell 5 per cent from 63.9m to 60.8m tons and paper output fell, another 2 per cent to 2.7m tons. Output of the power generating and turbine industries also fell marginally.

The efforts being made to increase production of robots, numerically controlled machine tools, measuring equipment and industrial instruments, however, have almost doubled the output of robot and NC machine tools. Some 2,200 units were produced.

Production of consumer durables was mixed. Passenger car output fell to 1.08m from 1.09m. Refrigerator output was also down 2 per cent. Such a fall usually indicates resources are being switched from the civilian to the military sector as this industry is a classic example of military and civilian production coexisting in different parts of the same plant.

Television radio and other electronic consumer goods production rose, however, and furniture output was also 5 per cent higher. Some 590,000 new flats were completed throughout the Soviet Union.

Despite a small increase in thes size of dairy and meat cattle herds, the output of meat for industrial purposes fell 2 per cent to 4.3m tons while egg, poultry and milk production rose marginally to partially offset declines in cheese, vegetables and other foodstuffs.

Tractor output was probably down from the 280,000 units produced over the first half of last year because the Central Statistical Board gave output only in millions of horse power capacity this year instead of number of units as in the past.

Production of other agricultural machines like grain, potato and maize harvesters rose as did output of pesticides up 6 per cent to 276,000 tons, and mineral fertilisers.

To some extent the slowdown in industrial growth must have come as a relief to the railways whose overloading and inefficiency have long been a target of official complaint.

The volume of rail traffic dropped 2 per cent to 1,734bn tons/kms over the period, reflecting shortages of wagons, slow turn-round rates, and the low level of mechanisation of cargo handling.

This is largely a result of chronic under-investment and worn-out equipment. According to Soviet economists the railways are symptomatic of the underlying problems now facing wide sections of Soviet industry.

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Trudeau extends price policy

By Richard Mackie in Toronto

MR PIERRE TRUDEAU, the Canadian Prime Minister has disclosed a sweeping extension of the Government's programme of imposing a ceiling of 6 per cent this year and 5 per cent next year on wage and price increases. Under a Cabinet decision made late last week, a company or union will not be eligible for federal assistance unless it agrees to abide by the ceiling.

The new measures could have a serious impact on Canadian companies because, in the past year, at least 1,800 received federal aid in the form of direct grants, subsidies, or low-interest or interest-free loans.

The Prime Minister said one company, Bombardier of Montreal, and one union, the United Auto Workers, had already been informed of the new policy. He defended it as a legitimate use of the Government's "leverage" over the private sector.

The new measure is an extension of the Government's programme, announced in the June 28 budget, to impose voluntary wage and price ceilings in an effort to lower inflation.

WORLD TRADE NEWS

Renewed pressure on Tokyo to ease farm produce limits

BY OUR WORLD TRADE STAFF

A FORMER senior Japanese trade official has sharply criticised his country's trade policies, particularly on the still unresolved issue of farm produce imports.

Mr Naohiro Amaya, the former deputy vice-minister of the Ministry of International Trade and Industry (Miti), said Japan was "calling for free trade in cars and steel while saying "no" to its trading partners in agricultural products. But that does not work," he told a business seminar last week.

"What the U.S. is saying (about farm produce trade) is reasonable and we'll have to accept much of American demands in order to protect the free trading system."

Mr Amaya was referring to the continuing pressure being applied to the Japanese by the U.S. on the issue of farm produce, particularly beef and citrus imports.

U.S. officials have throughout the year argued that the Japanese farm produce industry is highly protected, making it difficult for U.S. produce exports to enter Japan in volume. The point has been acknowledged by the Japanese, who have not resisted the pressure from the country's farm protection lobby.

U.S. criticism of the policy has receded in recent months, partially because of two trade reform packages announced by the Government in the last seven months, and because of the shift of U.S. attention to the more pressing steel and Soviet gas pipeline disputes it has with the EEC.

In his remarks, Mr Amaya, still an adviser to Miti, said "we must quickly carry out maximum liberalisation of farm produce and other spheres."

He also called for freer access to Japan's capital market, particularly commercial banking, still under the firm control of the Finance Ministry.

Western countries in general are concerned over the continuing limitation on trade in services in Japan, and the U.S. in particular will push for further expansion of beef and citrus imports when its officials meet with the Japanese in October.

● Boeing said Japan Air Lines has ordered three 747 jumbo jets worth a total of about $250m, Reuter reports from Tokyo. The three "dash 200" models—two passenger, and one freighter—will be delivered next year.

S. African power contract awarded

By Bernard Simon in Johannesburg

STEINMULLER (AFRICA), the South African subsidiary of L. and C. Steinmuller, the West German suppliers of thermochemical plant, has received a letter of intent from South Africa's Electricity Supply Commission (Escom) for six 600 Mw power station boilers at a cost of about R700m ($352m). A firm contract is expected to be signed before the end of the year.

The order, one of the largest ever placed by Escom, is for the Majuba coal-fired power station in the south eastern Transvaal, one of six similar plants currently under construction as part of Escom's accelerated expansion programme.

Escom currently accounts for about one quarter of total world purchases of power station boilers.

Steinmuller (Africa) has been awarded several large boiler contracts by Escom in the past.

Although the company is controlled from West Germany, the state-controlled Industrial Development Corporation of South Africa has a large minority shareholding.

Other tenderers for the Majuba contract are understood to have included Babcock Engineering of Britain and Deutsche Babcock. Earlier this year a GEC subsidiary won the contract to supply turbine generators for the Majuba station.

Wimpey rail deal in HK

BY OUR WORLD TRADE STAFF

CONSTRUCTION OF a viaduct and elevated station for Hong Kong's island line programme is to be undertaken by Wimpey International under the terms of a £16.24m contract from the Mass Transit Railway Corporation.

Work will take place between now and early April, 1985, and comprise construction of a viaduct some 12m high and carrying from one to four railway tracks from Pak Sh Wan to Chai Wan, a distance of about 1 km, and a station.

The station, at Chai Wan, will be a predominently reinforced concrete structure but with some elements of prestressed concrete, and be located above Chai Wan Park.

The contract is guaranteed by the ECGD. Consulting engineers for the railway are Freeman Fox and Partners.

● A £2.4m contract to build the world's most modern banana-puree processing plant has been awarded to Casco Construction, a division of David Williams International Group of Eastleigh, Hampshire. The turnkey project is to be located in Machala, Ecuador.

● Pye Telecom has won an order from the Irish police force which is to purchase a major communications system with Pye's Irish distributor, Telecommunications Limited of Dublin. The order is worth over £2.5m.

VTR export restraint urged

TOKYO — The Japanese Government has called on nine major home electric appliance manufacturers to hold down their exports of video tape recorders (VTR) for home use.

The Ministry of International Trade and Industry (MITI) issued the appeal in view of the growing criticism in the U.S. and Europe that Japanese VTRs were being sold below the fair market market value, officials said.

Due to sagging demand, stocks of Japan-made VTRs soared in the U.S. and Europe with the result that sales competition among makers intensified, sending market prices downward.

MITI officials said they noted that major West German and Dutch electrical manufacturers, in particular, are highly critical of Japanese VTR marketing practices in Europe. Kyodo

Algerian LNG sales increase

PARIS — Algeria became France's main supplier of natural gas in May, with imports from the North African country totalling the equivalent of 7.46bn kwh, compared with 5.5bn in April, the state utility Gaz de France said.

Algerian gas accounted for 28.5 per cent of France's overall supplies in May. AP-DJ

World Economic Indicators

TRADE STATISTICS

		May '82	Apr. '82	Mar. '82	May '81
U.S. $bn	Exports	18.218	17.843	18.402	18.899
	Imports	20.558	17.387	20.349	21.232
	Balance	−2.340	+0.456	−1.747	−2.333
W. Germany DMbn	Exports	35.58	36.50	41.77	31.30
	Imports	30.58	33.06	35.36	29.70
	Balance	+4.99	+3.43	+6.41	+1.60
France FFrbn	Exports	52.20	49.47	50.73	46.67
	Imports	55.34	59.63	55.18	49.67
	Balance	−3.14	−10.16	−4.45	−3.00
Italy Lirebn	Exports	8,039	8,847	8,933	6,192
	Imports	9,950	10,163	10,090	9,064
	Balance	−1,911	−1,316	−1,107	−2,872
Japan $bn	Exports	11.406	12.126	12.140	12.470
	Imports	10.105	10.729	12.130	11.320
	Balance	+1.301	+1.397	+0.010	+1.150
UK £bn	Exports	4.625	4.731	4.584	3.886
	Imports	4.740	4.535	4.362	3.520
	Balance	−0.115	+0.196	+0.222	+0.366
		Mar. '82	Feb. '82	Jan. '82	Mar. '81
Netherlands Flbn	Exports	16.700	14.600	14.617	13.507
	Imports	14.500	13.000	12.339	13.718
	Balance	+2.200	+1.600	+2.278	−0.211
Belgium BFrbn	Exports	218.395	180.379	153.981	195.766
	Imports	253.726	190.909	184.769	172.833
	Balance	−35.331	−10.530	−30.788	+22.933

Source: IMF

IATA CHIEFS MEET IN GENEVA

Co-operation urged to ease airline crisis

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

WHEN THE chiefs of more than 80 of the world's major airlines meet in Geneva today to try to find ways of getting out of their current financial crisis, they will have before them a three-year "rolling strategic plan" designed to help them.

The plan, drawn up by the executive of the International Air Transport Association basically seeks to help member-airlines of the association improve their productivity through common efforts—co-ordinating their approaches to governments on issues ranging from user charges to air traffic control, and also trying to get them to work more closely together on issues affecting them all, such as eleminating illegal fares cutting.

With a predicted loss of $1.66bn in 1981, including heavy interest payments, and an even bleaker result forecast for 1982, the member-airlines are faced with a situation in which costs are running away from revenues.

In many instances, the causes are outside the airlines' own control. Two prime examples—fuel costs and government-imposed user charges—now account for up to 40 per cent of total operating costs depending on the route flown.

Major efforts will be made in the immediate future to get governments to cut user charges (airport landing fees and en route navigation fees). The aim is to try to save the airlines up to $50m a year.

There is not much the airlines themselves can do about fuel—they spend some $30bn on it each year, and every cent increase in the price per gallon adds millions of dollars to their bills.

But what they can do much about are their own practices, often illegal under IATA's own rules, which are collectively helping to bleed them to death.

One such is fares "discounting"—the practice of selling seats at rates under-cutting those agreed by the airlines themselves in IATA fares conferences, or fixed with the approval of governments in other parts of the world.

It is estimated that this practice, with discounts ranging up to 40 per cent in some parts of the world in a fierce battle to win traffic, is draining between $500m and $1bn away from airlines' revenues every year.

While many airlines publicly deplore this situation, they are forced privately (and sometimes not so privately) to resort to it in some parts of the world in order to gain some traffic; if they did not, they would lose even more heavily, to the benefit of their competitors.

Yet another area of considerable difficulty is currency remittances. Some countries throughout the world, and especially in Africa, refuse to allow the foreign airlines serving those countries to remit home the cash they earn.

The IATA estimates that at present, earnings worth over $½bn a year are effectively frozen in this way throughout the world, and that if the practice is continued, many airlines will be obliged to stop services to countries from which they cannot get their money back.

Again, there is the problem of achieving "repicrocal tax exemption." In some parts of the world, airlines sometimes find they are paying taxes in more than one country on the same revenue, with the result that many millions of dollars more are lost each year.

There are also many areas of technical improvement that can be achieved. The IATA estimates that by straightening out what it calls "the tortuous 10" main air routes in Europe, instead of obliging airlines to fly expensive and time consuming "dog-legs," they could save up to $27m a year, and it believes that even bigger savings can be achieved in this way elsewhere.

By cutting out or reducing air traffic control restrictions on climb, cruise and descent procedures, further substantial fuel savings can be made.

These are only a few of the many areas that the overall strategic plan is designed to cover. By making it a "rolling" three-year plan, items successfully settled can be deleted, and new problems requiring solution introduced.

The IATA's view is that, collectively, resolution of just the few issues mentioned could improve revenues by between $1.5bn and $2bn a year—which would do much to close the gap between operating costs and revenues, and perhaps even lift the airlines out of their heavy losses.

At the same time, it is argued, the airlines would become more efficient, both in their own operations and in the service they provide the public, to the eventual benefit of both.

While many airlines are already doing much to improve yields and control costs, their collaboration and planning through the IATA more than ever today makes economic and commercial sense, especially where the association can and does influence matters that are beyond the powers of any single airline to control.

The strategic plan is almost certain to be endorsed by the airlines in Geneva. Much of it is already being implemented, although in areas such as cutting user charges, eliminating discounting, and achieving freedom to remit money back home, the airlines are likely to face a long haul.

SHIPPING REPORT

Middle East fighting pushes up tanker charter rates

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE FIGHTING in the Middle East helped push tanker rates up last week. Owners prepared to trade out of Kharg Island, off Iran, have been able to fix their vessels at much higher chartering rates than a week before.

E. A. Gibson said several Japanese charterers had entered the market to find ships because of the refusal of the Japanese seamen's union to let their members go to Kharg Island.

This had also helped to make rates firmer. All the increased inquiry, especially for large tankers, boosted rates to about Worldescale 35 for shipments from the island to the West, with a couple of points extra to the East.

Rates from other Middle Eastern terminals were much lower, however. There was continuing activity for shipments from the UK and continental Europe, ranging from 75,000 ton cargoes to the U.S. at Worldscale 55 to a 100,000 tonner trading within Europe at Worldscale 56½ and a 24,000 tonner for a similar voyage at Worldscale 140.

On the dry cargo side, the large amount of ships being laid up recently has begun to have an effect on the market, Denholm Coates said. Charterers are finding it difficult to push down rates further in the Atlantic and there could be the chance of a sharp technical rebound in the market.

West Midland subsidies lure £2.4m investment

BY ARTHUR SMITH, MIDLAND CORRESPONDENT

THE Labour-controlled West Midlands County Council has signed 15 planning agreements with companies under a investment scheme backed by the private banks.

About £2.4m new investment and more than 150 jobs have been created in partnership with the Industrial and Commercial Finance Corporation (ICFC), a private enterprise source of risk capital funded by the clearing banks and the Bank of England.

The planning agreements are more far-reaching than those proposed by the last Labour Government, which attracted so much hostility from the private sector, according to Mr Geoff Edge, chairman of the council's economic development committee.

He said last night that if ratepayers' money was to be committed to the private sector, assurances were needed about jobs, future business development and labour practices, such as union recognition, equal employment opportunity and training.

The council's success under the ICFC scheme is seen as an important boost to stimulate investment and jobs through the recently-created West Midlands Enterprise Board.

Under the pilot scheme, which ICFC expects to be taken up elsewhere in the country, the county council offers a 5 per cent interest rate subsidy over five years.

The council insists at least one job must be created for every £25,000 of subsidised borrowing and funds must be spent on capital investment.

The corporation is responsible for the evaluation of investment proposals on commercial criteria and offers any funds from its own resources at a normal rate of interest.

Mr Derek Sach, the Birmingham area manager of ICFC, said the requirements for a planning agreement had not deterred applications. More investment proposals were under consideration and additional jobs would be created.

The upturn in demand for funds through the county council scheme contrast with the general picture of recession in the West Midlands.

Mr Sach said the corporation had investments in 450 companies across all sectors of the West Midlands economy. But there was no sign of any improvement in orders. Some companies were breaking into new markets, but many were "finding life extremely difficult."

Mr Sach maintained that in spite of economic difficulties, ICFC was "continuing to take a high level of risk financing start-ups." Almost half of the 122 companies backed in the financial year to last April 1982 were essentially new enterprises.

"Of these, 38 were totally new companies created in the West Midlands as a direct result of ideas brought to us, sometimes literally on the backs of an envelope," he said.

Brokers report low returns for banks on $60bn U.S. assets

BY WILLIAM HALL, BANKING CORRESPONDENT

THE FIVE British banks which have moved into the U.S. market over the last few years now control assets of $60bn (£34.3bn) there but the return on these assets is 60 per cent lower than the banks' overall return on assets worldwide.

Phillips & Drew, the stockbroking firm, says in a study of British banks in the U.S., that the "phenomenal growth" of UK banks there over the last decade is "strategically sound, even though in achieving it they have incurred fairly heavy costs and obtained relatively thin margins."

Phillips & Drew estimates that the U.S. operations of Barclays, Midland, NatWest, Lloyds and Standard Chartered made pre-tax profits of $269m (£154m) in 1981.

This is equivalent to 6.8 per cent of the five banks' total profits, although the banks have 17.3 per cent of their total assets tied up in the U.S. The broker estimates that the average return on the banks' U.S. assets amounts to 0.45 per cent compared with a group figure of 1.15 per cent.

The banks have mainly expanded by buying existing U.S. banks or finance companies, and Phillips and Drew says these have been "fairly expensive." A typical purchase would cost 70 per cent over net asset value and at an earnings multiple of anything up to 30 times.

UK banks have been prepared to pay these prices, even though their own share ratings are approximately one-third that of the acquisition rating, because bank managements beleive that the U.S. is the best area in which to expand to reduce dependence on UK earnings.

The banks gain access to substantial dollar deposits which helps them to finance trade flows and their international lending activities, most of which are denominated in dollars. In addition, the U.S. is one of the few major banking markets open to foreign companies.

U.S. OPERATIONS OF UK BANKS

	Assets $bn	Pre-tax profits $m	Return on assets U.S. %	Return on assets Group %
Midland	23.0	68	0.30	0.57
NatWest	11.0	51	0.46	1.14
Barclays	10.6	71	0.67	1.16
Standard Chartered	8.9	55	0.62	1.21
Lloyds	6.2	24	0.39	1.39
Total	59.7	269	0.45	1.15

Source: Phillips and Drew

Auditors not liable in takeover

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN APPARENT contradiction in a High Court judgment on liability of accountants to be sued over accounts they audit has been clarified by the Court of Appeal.

In December 1980 Mr Justice Woolf ruled that although a firm of accountants had been negligent in preparation of the accounts of a company taken over subsequently, the acquiring company was not entitled to damages from the accountants for that negligence.

Sir Sebag Shaw said in the Court of Appeal in June 1975 JEB Fasteners took over a company called BG Fasteners, after seeing audited accounts of BG prepared by Marks Bloom and Co. certain figures in which turned out to be substantially inaccurate.

JEB soon discovered that the takeover was an expensive mistake. It sued Marks Bloom, alleging that it owed JEB, as a potential buyer of BG, a duty to take care in presentation and compilation of the accounts, and had performed that duty negligently.

Mr Justice Woolf had found that JEB in deciding to take over BG had relied on the accounts, and that Marks Bloom had been negligent.

But he had held that JEB had suffered no loss as a result of that negligence.

Sir Sebag said that JEB and its lawyers might be forgiven for regarding that outcome as a paradox.

The company argued in the Appeal Court that once Mr Justice Woolf found that JEB relied on the accounts he could not logically go on to say that its losses did not result from the accountants' negligence.

In a general and superficial sense that argument appeared sound, said Sir Sebag. It did not survive close inspection of Mr Justice Woolf's elaborate review of the evidence and his assessment of its total effect.

There was no doubt that JEB was aware that certain aspects of the accounts were unsatisfactory, but did not examine them further because in a broad commercial sense they were not of first importance.

Mr Justice Woolf concluded, said Sir Sebag, that while the accounts had been observed and considered by JEB they had not materially affected JEB's judgment on the takeover, and that JEB was not entitled to damages from Marks Bloom.

Lord Justice Donaldson agreed.

DPP orders police probe on Clore estate

By Raymond Hughes, Law Courts Correspondent

THE police are to investigate the possibility that there may have been a criminal conspiracy to defraud the Inland Revenue of tax due on the estate of the late Sir Charles Clore.

A police inquiry into the matter has been asked for by the Director of Public Prosecutions. The decision to bring in the police follows lengthy consideration of the case by a leading lawyer.

The case was referred to the DPP by the Revenue after the possibility of fraud was raised by the Court of Appeal in April.

The court said there was a grave possibility that the £20.5m proceeds of sale of the Guy's Estate in Herefordshire, the largest asset in Sir Charles's English estate, had been "spirited" out of the country to Jersey by Stype Investments (Jersey) to evade tax.

Stype is controlled by a Jersey settlement set up by Sir Charles shortly before his death in 1979. Its directors are Sir Charles' executors and Mr John Dobbs, manager of Lloyds Bank Trust Company (Channel Islands).

All but 12 of Stype's 100,000 $1 shares are held by Lloyds Bank Trust Company (Channel Islands) as nominee for the trustees of the settlement.

In the high court today, the Official Solicitor, appointed by the court to administer the Clore estate in England, will start proceedings to try to recover from Stype the Guy's Estate sale proceeds.

The court move has been made necessary by Stype's failure to hand over the money voluntarily.

Earlier this year the Royal Court in Jersey gave Stype permission to pay out of its own assets in England an amount equal to the sale proceeds, plus interest.

It is understood, however, that Stype subsequently decided that it could not volunteer the money to the Official Solicitor without running the risk of being sued by the Clore estate in Jersey.

The Jersey court had refused to give Stype's directors an indemnity against being sued in Jersey. The indemnity plea had been opposed by Sir Charles's son, Mr Alan Clore, who is challenging his father's will, and by charities due to benefit under the will.

Hong Kong bank is granted recognition

THE Bank of England has added the Shanghai Commercial Bank to its list of recognised banks, bringing the total to 297. The bank has 27 branches in Hong Kong and boasts assets of HK$7.2bn (£698m).

The Rural and Industries Bank of Western Australia has been added to the Bank of England's list of licensed deposit-taking institutions, bringing the total to 296. G. T. Management has been deleted from the list.

Paper industry plea on energy prices

DIFFERENCES in energy prices among European countries place the UK paper and board industry at a disadvantage, Mr David Mellor, the Energy Secretary, will be told tomorrow when he meets industry representatives and members of the Paper Industry All-Party Parliamentary Group.

The industry is seeking changes in electricity supply tariffs to cater for energy intensive and continuous process industries. It also wants a reduction in the tax on heavy fuel oil.

Directors' group wants freeports

THE Institute of Directors is asking the Government to undertake a full-scale feasibility study leading to the introduction of freeports around the UK to attract more trade.

"The freeports would be treated as pieces of foreign territory in which goods could be stored and processed free of customs duty or VAT for re-export, or charged to tax and duty only when they were finally imported into the UK or another EEC country," the institute says.

Building of HTV complex starts

CONSTRUCTION of the HTV group's £14m Welsh television complex in Cardiff is to begin today. Mr Ron Wordley, HTV's managing director, will turn the first sod on the 60-acre development site at Culverhouse Cross on the western outskirts of the city.

Major expansion in Welsh television is due this autumn arising from the special arrangements in Wales for the new fourth channel. The company is to supply it with up to nine hours of programmes a week.

High noon approaches for the film industry

Cinema funding may be curtailed at the worst possible time, **Arthur Sandles** reports

WHEN Mr Mamoun Hassan, managing director of the National Film Finance Corporation, presents his annual report tomorrow he will do so in the knowledge that one Government Minister in particular will be reading the small print very closely.

Mr Iain Sproat, the Department of Trade Minister who looks after the film business, is on the warpath. He is deep in a blood-letting exercise with British Airways and is sharpening his knives for surgery on the UK Tourist Boards. Mr Sproat is eager to take on the film and cinema business next.

"I want to go back to the 1927 Act and examine the morass and maze of levies and quotas. The time has come to rationalise and examine the legislation," he says.

In the case of one particular piece of pruning, the Minister could not wait. He swept aside the rules that insisted on 15 per cent of films in UK cinemas coming from Britain or the EEC. The new freedom of the screens comes into force next January. The quota had been 30 per cent until last January.

The quota was, of course, irrelevant. It is becoming increasingly difficult to tell what is "British" now that the film industry is so international—the "British" Chariots of Fire was conceived in the UK but its gestation was funded largely from U.S. and Egyptian sources. Star Wars was made largely in UK studios.

Sproat, like his Treasury colleagues, is increasingly alarmed that much of the support being given to "British" films—either through quota protection or Eady monies—does not end up in British pockets ensuring further domestic film investment.

Eady money—named after its creator—comes from a small levy on box-office admissions. In 1980, it amounted to about £5.8m on gross revenues of £143m. Some of this cash goes to the National Film Finance Corporation and more goes back to British film-makers in direct proportion to their success.

But British cinema receipts are now only a tiny part of the returns a successful film might receive worldwide from cinema showings, television broadcasts, cable transmissions and cassette/disc recordings. Some think that the administrative burden of the scheme, and the addition it makes to cinema seat prices, which are already over the £1.50 mark, brings its benefit into question.

To remove that, however, would raise huge doubts of the future of the NFFC, which backs half a dozen British films a year (Gregory's Girl is a recent example). The Government is unlikely to want to dig deeper into its pocket.

The Treasury has already caused a shudder in the industry by talk of changing the present 100 per cent, one-year write-off for film investment to a "life of film" system.

It is important to recognise the difference between the cinema business and the film industry. While the cinema business becomes wobblier, there have been signs of a revival in film-making in the UK. ACC has moved out but Goldcrest has moved in and the Fourth Channel has greatly stimulated independent film/video production.

Some 126m cinema tickets were bought by the British in 1978. The June 1982 admission figures were the worst the industry has seen since going to the pictures became established as a popular entertainment. By the end of the year, perhaps as few as 70m cinema tickets will have been sold.

This is in extraordinary contrast with the U.S., which had a record-breaking June. Part of the reason for the U.S. surge is another block-busting film—E.T. The Extra-Terrestial, which has been taking money recently at a world-record rate of $3.3m (£2m) a day.

Part of the reason for this transatlantic difference is thought to be the strength compared with the U.S. of UK television, which is about to be furthered with the introduction of Channel Four.

However, there are those—and perhaps Mr Sproat is among them—who feel the cinema is hemmed in by too many regulations and traditions.

Perhaps the biggest name over whom the Sproat shadow rests is that of Sir Harold Wilson. He heads the Interim Action Committee—an organisation which consistently produces readable reports and which governments equally consistently ignore.

There seems little doubt that the Wilson Committee will be spared at least until the Hunt Committee on the future of cable television in Britain reports in the autumn.

Then Mr Sproat's civil servants will have all the information they need in preparation for a clean sweep of the industry. If cable television is given a complete go-ahead in Britain (a Home Office decision, not DoT) then the benefit to the film-makers could be huge, but the cinemas may well be coming to the last few flickers of the final reel.

McFarlane Oil deal faces court injunction threat

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

DISSIDENT shareholders in Global Natural Resources are taking legal action to try to block the company's proposed $44m (£24.9m) acquisition of the privately-owned Texas-based exploration group, McFarlane Oil.

The dissidents, headed by Mr James Cayne, are seeking an injunction to stop Global going ahead without first getting the approval of shareholders at a general meeting.

Their counsel, Mr Leonard Hoffman, QC, told the Vice-Chancellor, Sir Robert Megarry, in the High Court last week that they believed that the deal had been structured to affect the voting control of Global.

It was significant that the deal, which would involve the issue of 3.25m new Global shares to McFarlane, had been made on June 21 — the day before Section 14 of the 1980 Companies Act came into force, said Mr Hoffman.

That section made it unlawful for a company's board to issue shares without the consent of a general meeting.

The judge said that, because of the urgency, the shareholders' injunction application could be heard during the court's two-month summer vacation. The case is likely to come up during the first week of August.

Mr Hoffman said that the agreement was to acquire the entire share capital of McFarlane, substantially on a share-for-share basis.

Groups of shareholders opposed to the Global board had formed in the past year. Mr Cayne's group which Global called "the concert party" because shareholders were acting in concert, on April 20 put forward a motion for the removal of the board to the company's annual meeting on September 13.

"Between April 22 and June 21 there were intense negotiations between the board and McFarlane, which culminated in the agreement of June 21," Mr Hoffman said.

The new one cent shares amount to 13.3 per cent of Global's equity, representing a value of about $38m (£21.5m).

The dissident shareholders are seeking an injunction to stop completion of the agreement being signed on August 17 as planned.

If it is granted McFarlane will have the right, between August 31 and September 4, to end the agreement.

Mr Hoffman said that if the shareholders get an injunction the board could, if it thought the agreement should be implemented, summon an extraordinary meeting to obtain the necessary authority. The last date that could be done would be August 30.

Mr Allan Heyman, QC, for Global, said that an extraordinary meeting was not required because the Companies Act section had not been in force when the deal was made. It would also be a breach of the contract to have the deal approved by a company meeting.

Global shareholders were bearer shareholders, he said. Calling an extraordinary meeting would take too much time—shareholders needed at least 40 days' notice.

The result of holding a meeting in those circumstances would be that only the "concert party" would be ready.

Steel producers angered by strict EEC quotas

BY MARK WEBSTER

THE EEC steel production quotas, the most severe since restrictions were introduced in 1980, have created confusion and resentment among the main UK private steel producers.

Manchester Steel will protest to the European Commission this week about its quotas. Other companies are still in negotiation with the EEC, though the quotas are officially almost a month old.

Third-quarter quotas for July to September are as much as 20 per cent down on the previous three months because of a further slump in demand.

But Mr Ken Knaggs, managing director of Manchester Steel, said his company could sell 25 per cent more wire rod than allowed under the existing quota.

Unless the commission was prepared to increase the company's quota, Manchester faced a fortnight's closure at the end of September, when its official production entitlement would be exhausted.

Wire rod is back under mandatory controls for the first time in a year after EEC manufacturers failed to reach a voluntary agreement on limiting production.

Mr Knaggs said his company had been penalised by the fact that instead of building new plant it had taken over existing facilities. Under EEC rules it could get no extension of its quota to reflect the increased capacity.

Allied Steel and Wire in Cardiff has still not agreed on detailed quotas with the commission because it is a new company, and because wire rod has been reintroduced into the EEC regime.

Negotiations are further complicated by the commission's attempts to introduce a greater measure of flexibility into production controls.

The intention was to protect smaller companies adversely affected by too rigid an approach, and allow for unforeseeable events such as mergers or de-mergers. Companies which feel themselves hard done by can now appeal to the commission for help.

Sheerness Steel said the quota system failed to tackle two essential problems. Prices remained weak, particularly in Continental markets, because the commission watched production more closely than prices.

Pressure should be put on member governments to restructure their steel industries, which was the intention of the crisis cartel when it was introduced, said Sheerness.

The company is fighting for a quota on its bar, flats and merchant rounds. It has invested heavily to improve existing facilities and change its product mix. Under EEC rules it cannot qualify for a quota because it is not a long-standing manufacturer of these products.

Mr Alec Mortimer, director-general of the British Independent Steel Producer's Association, said that in the past the commission had judged the decline in steel demand more or less correctly, but that it was "not exactly a precise science."

Coal for France stokes up controversy

Sue Cameron looks at a prices problem for CEGB and NCB

THE GOVERNMENT'S policy on import and export of coal shows every sign of leaving Energy Ministers in an embarrassing position with the Central Electricity Generating Board.

Last week a shamefaced Mr Nigel Lawson, the Energy Secretary, confessed to MPs that the National Coal Board was exporting supplies to France at a lower price than charged to the CEGB. Part of these were going to Electricité de France, the French state electricity corporation.

Two circumstances that will have made Mr Lawson's admission to the Commons Energy Select Committee more galling are that he had to apologise for telling MPs earlier that there was no disparity between French and UK coal prices, and that French electricity prices are the lowest in Western Europe.

This is the result of France having an excellent mixture of cheap nuclear and hydro-electric generation, not because of low-priced UK coal exports, but the viewpoint of UK consumers may well be that if anyone enjoys comparatively low-cost British coal it should not be the French.

There are likely to be more red faces at the Department of Energy this week when the CEGB releases its annual report. The figures are expected to show that government restrictions on coal imports cost the taxpayer £20m in the last financial year.

Ministers having given the CEGB a stick to beat them, it remains to be seen if its new chairman Sir Walter Marshall, former head of the United Kingdom Atomic Energy Authority, will decide to use it.

He took over only this month after the somewhat acrimonious departure of Mr Glyn England.

Unlike Mr England's, his relations with Mr Lawson are thought to be amiable. Both are keen to see a speeded nuclear-power investment programme.

So far government wishes, shaped by fears of a miners' strike, appear to override any argument from the CEGB, at least on coal imports.

Last year after the threatened miners' strike over planned pit closures the Government told the CEGB to limit coal imports to 0.75m tonnes a year. On further discussions between Ministers and CEGB, the restriction has been reimposed for 12 months.

The clamp on coal imports comes despite the CEGB long-term contract with Australia to buy 2m tonnes of coal a year.

Imports from Australia or other cheap coal-producing countries can improve the economics of only a limited number of power stations, mostly in the South.

High cost of transport makes it cheaper for the CEGB to buy NCB coal from nearby pits for power stations in the North and the Midlands.

Only when imported coal can be delivered directly by water to Southern stations does it become more cost-effective than NCB supplies. Probably the CEGB would not wish to import more than 5m tonnes of coal under any circumstances.

Rising costs of stockpiling coal already contracted for from Australia is clearly causing mounting irritation to the CEGB.

A comparatively high level of coal imports gives the CEGB greater bargaining power when negotiating prices with the NCB.

The two boards have an informal five-year agreement, now in its third year, that the CEGB will buy 75m tonnes of coal from the NCB, while the NCB keeps price rises below inflation level.

Despite the "understanding" between them the CEGB clearly needs all the leverage it can get in negotiating coal prices with the NCB. Last year some 84 per cent of CEGB electricity generation was based on coal.

If the CEGB cannot use the threat of imports to bring down its bill for coal, will it be able to argue on the grounds of NCB export prices to Electricité de France?

A report from the Commons Energy Select Committee published this year may cast some light on prices. It showed that in September 1981 average price of UK exported coal was between £38 and £39 a tonne. The average charge to the CEGB was £37.50 a tonne.

FT grocery price index

THE Financial Times grocery prices index fell sharply in July as a result of seasonally much cheaper fresh fruit and vegetables. The July index stood at 146.92, almost a fifth lower than the June index of 149.87.

The index is based on information collected each month by 25 shoppers who monitor a list of more than 100 items each month from stores throughout the country.

The index is meant only as a guide to trends in food prices and should not be taken as an absolute indicator of price levels.

The sharp fall in the July index—the largest fall for more than a year—was primarily due to the slump in cost of the fresh fruit and vegtable sector of the basket. This fell by almost 17 per cent from £393.01 in June to £327.22 in July.

This sharp reduction in cost was mainly due to the relatively good weather this summer bringing on to the market plentiful supplies of fresh produce.

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FINANCIAL TIMES SHOPPING BASKET—JULY, 1982

	July £	June £
Dairy produce	718.86	720.99
Sugar, coffee, tea and soft drinks	211.37	211.85
Bread, flour and cereals	322.12	322.61
Preserves and dry groceries	118.87	118.33
Sauces and pickles	56.30	55.26
Canned foods	207.09	204.31
Frozen foods	260.86	260.20
Meat, bacon, etc. (fresh)	637.42	638.34
Fruit and vegetables	327.22	393.01
Non-foods	264.51	261.02
Total	3,186.44	3,123.82

1981: January 130.96; February 131.75; March 132.75; April 134.93; May 136.30; June 137.37; July 136.62; August 135.50; September 136.60; October 137.49; November 140.51; December 141.24.
1982: January 144.81; February 145.83; March 146.71; April 147.75; May 151.06; June 149.87; July 146.92.

Cunard urged to place local order

BY JAMES McDONALD

TYNE AND WEAR County Council has launched a last minute attempt to persuade sufficient Trafalgar House shareholders to call a special general meeting of the company to prevent its subsidiary, Cunard, from ordering in the Far East a replacement for the Atlantic Conveyor, which was sunk in the Falklands conflict.

Mr Michael Campbell, the council leader, said yesterday he was seeking support of shareholders holding the 10 per cent of the £48m equity capital of Trafalgar House needed to call a special meeting.

Shareholders would then be asked to instruct the board to "Buy British" and place the order for Atlantic Conveyor's replacement on the Tyneside.

The council believes Cunard is about to place the order with a Far East shipyard and that speed is essential if the move is to be blocked. The council will circularise all shareholders but intends to contact large shareholders by telephone or telex to obtain quickly the necessary 10 per cent of votes.

This move follows Friday's meeting between a TUC delegation and Lord Matthews, Cunard chief executive. Lord Matthews said that the £15m gap between the British and South Korean prices for the replacement would have to be met by Government subsidy if the work was to go to a UK yard.

"We are aware that large blocks of Trafalgar House shares are held by local authorities pension funds and so on, and we are confident of getting considerable support from these quarters," said Mr Campbell.

He revealed that Tyne and Wear County Council holds 803,000 ordinary 20p shares, that West Yorkshire County Council holds 920,000 shares, and the West Midlands County Council, 360,000 shares. "We will be getting in touch with these authorities early next week and we expect their full support," he said.

The council said yesterday that there was considerable scepticism in the North East about Lord Matthews' claim of a £12m-£15m gap between British Shipbuilders' quoted price for building Atlantic Conveyor's replacement at Swan Hunter and the Far East bid. The real figure was nearer £6m, the council claimed.

Mr Campbell said that Lord Matthews had said he would prefer the order to be placed in Britain but that he had a duty to his shareholders. "Well, here is an opportunity for the shareholders to speak for themselves."

A motion deploring any decision by Cunard to place the replacement order overseas will go before Merseyside County Council tomorrow.

BR ready to start flexible rostering

By Our Labour Staff

BRITISH RAIL has made clear to the Associated Society of Locomotive Engineers and Firemen that it will press ahead with the implementation of new rosters from next Monday, even if the union's delegate conference throws out flexible rostering at its meeting tomorrow.

A letter to all three rail unions last week pointed out that the schedule endorsed by the TUC and reluctantly accepted by the executive of train drivers' union allowed BR to post the rosters from August 2 regardless of whether details of their introduction have been agreed.

Last night, BR was careful to emphasise that the letter was not intended as a provocation, but merely constituted a written reminder.

Tomorrow's conference of 47 Aslef delegates is expected to demonstrate further vigorous opposition to the TUC peace plan. It is expected that a majority will endorse the settlement.

So far, the new rosters have been worked at only 71 of BR's 265 depots. It will be some weeks before they are introduced throughout the country.

Police claim of 10% likely to be accepted

BY IVOR DAWNAY, LABOUR STAFF

THE Government is expected to accept recommendations of 10.3 per cent rises for police officers though this is certain to strengthen the resolve of health service unions in their 10-week-old pay campaign.

The award will be formally submitted for Cabinet endorsement on Wednesday following a meeting of the Police Negotiating Board. However, the Government may defer its decision until next week after the Commons has risen.

This will allow ministers to consider a plan to raise the level of contributions made by police to their pensions from 7 to 11 per cent of earnings.

Any such increase would allay some of the criticism expected from health service and other public sector groups over the level of the police rise.

Nevertheless, a 10.3 per cent award is certain to provoke an angry response from the health unions.

Mr Albert Spanswick, general secretary of the Confederation of Health Service Employees, said yesterday that the unions would be looking closely at the police settlement in the context of their campaign for an improvement in the current 6 to 7.5 per cent "final offer" to NHS staff. A five-day intensification of industrial action is planned from August 9.

Health service workers draw direct parallels with the police over their refusal to take all-out strike action and their role as community servants, Mr Spanswick said.

"It will make our members more adamant to see it through, and I would appeal to nurses to stick it out," he added.

Police pay is assessed under guidelines laid down by the Edmund Davies Committee which links increases to national average earnings. The average earnings index for May, the month taken by the Negotiating Board, showed a rise of 10.3 per cent.

Mr Norman Fowler, the Social Services Secretary, has repeatedly rejected the health service unions' claim for a 12 per cent pay rise.

Lecturers awarded 5% pay rise

BRITAIN'S 48,000 university teachers and senior administrative staff have been awarded a 5 per cent pay rise, backdated to April 1.

The award, by arbitration, will raise the salary bill for academics, other than those teaching clinical medicine, and senior administrators in universities to about £500m a year.

Unions see threat to 250,000 bank jobs

By Our Banking Correspondent

UP TO 250,000 jobs could be lost in Europe's banks over the next decade, equivalent to one in 10 of the workforce, because of new technology, according to a trade union estimate.

Concern about the impact of new technology on employment levels is leading to a more militant attitude among European bank unions, which represent 1.8m employees.

They are considering the possibility of interrupting trans-border data flows through systems such as SWIFT and disrupting the credit card companies in furtherance of industrial disputes.

Introduction of new technology, such as automated teller machines which can do the work of counter clerks in bank branches, is saving the banks money but makes them more vulnerable to industrial unrest.

Mr Philip Jennings, secretary of the banking and insurance section of the Geneva-based International Federation of Commercial, Clerical, Professional and Technical Employees, says in an interview in the latest edition of Retail Banker International that a report on possible lines of industrial action is likely to be prepared within the next year.

Marplan poll details

THESE are the main detailed sets of responses to the Marplan poll on the Employment Bill.

% SAYING THE PROVISION IS VERY OR FAIRLY POSITIVE

	Closed shop provision	Ban on union labour only	Open union funds to liability	Narrowing definition of lawful dispute	Wider ability to dismiss strikers
Total	55	60	65	62	60
Personnel	53	60	59	60	60
Other director	58	59	70	65	59

WHICH INDUSTRIAL RELATIONS REFORM WOULD YOU MOST LIKE?

	Total	Personnel	Other director
Base: Total sample	500	239	261
Compulsory pre-strike secret ballot	15%	14%	16%
Closed shop reform	14%	13%	15%
Reduction of union power/immunity	4%	5%	3%
Union officials to be answerable for union activity	4%	4%	4%
Compulsory ballots of union officials	4%	4%	5%

INFORMANTS' OPINION OF THE BILL

	Total	Personnel	Other director
Base: Total sample	500	239	261
Goes too far	20%	25%	15%
Not far enough	13%	10%	15%
Is about right	60%	56%	63%
Don't know/can't say	7%	9%	7%

EMPLOYMENT BILL DISCUSSIONS

	Total	Personnel	Other director
Base: Total sample	500	239	261
At a board meeting	22%	27%	17%
With line managers	33%	34%	32%
With the workforce	10%	17%	15%

Old people 'less likely to grumble about life'

BY LISA WOOD

BRITAIN'S ELDERLY have similar problems to the rest of the population but are less likely to grumble about life, says a report published today.

The report, prepared by the National Consumer Council from a sample of about 2,000 people, said that as the weekly expenditure of the UK's 5m people aged over 65 was little over half that of the average householder there was an inevitable tendency to neglect their needs and concerns.

Similarly it was rare for anyone over pensionable age to be appointed to any of the many consumer boards and councils. But several areas covered by the report, including prices of food and electricity, were of major concern to the elderly.

For example, one in five elderly shoppers in the survey said they had cut down on some food purchases during 1979-1980 because of high prices, nearly one in ten had cut down on drink for the same reason and one in six said they were buying fewer clothes.

On medical care less than one per cent of all those aged 65 or more said they had ever wanted to complain about doctors compared with five per cent of those aged under 65 years old.

Old people were far less likely to complain about their neighbours, dirty streets, poorly lit streets, inadequate rubbish collection and local vandalism.

Ms Joan Macintosh, vice chairman of the National Consumer Council said old people had an "admirably stoic" attitude. This "can and does lead to serious social injustice unless it is watched over solicitously by a society which protects, respects and takes a pride in its older citizens."

APPOINTMENTS

Reorganisation at Bank of Scotland

Mr B. T. J. Lambert, senior vice-president and general manager, New York, has been appointed senior manager, international division, BANK OF SCOTLAND (resident in London) from August 1. Mr A. R. Steedman, vice-president and representative, Houston, has been appointed a manager, international division, head office, from September 1. Mr P. M. Fergus, an assistant manager, international division, head office, has been appointed a manager, international division, head office, in succession to Mr W. P. Hendry, from August 1. Mr W. P. Hendry, a manager, international division, head office, has been appointed vice-president, representative office, Houston, in succession to Mr Steedman. Mr W. T. Moonie, vice-president and manager, New York, has been appointed senior vice-president, New York branch. Mr Peter Bennie, vice-president and representative, Los Angeles, has been appointed vice-president and branch manager, New York branch, from August 1. Mr R. F. S. Hannah, vice-president and operations manager, New York, has been appointed vice-president, representative office, Los Angeles, in succession to Mr Bennie.

★

BANK OF MONTREAL has appointed Mr Alan G. Lodge as vice-president, treasury division, in London. Mr Jorge Luis Gamarel becomes senior vice-president, international treasury, in Toronto.

★

Mr G. H. Chipperfield has been appointed as a deputy chief executive in the PROPERTY SERVICES AGENCY in succession to Mr J. Delafons. Mr Chipperfield will be promoted to deputy secretary on August 16.

★

Mr B. A. Mitchell has been appointed a director of Rugby Design and Engineering Services, a member of the MYSON GROUP.

★

Dr Edward Parkes, the chairman of the University Grants Committee, is to be the new Vice-Chancellor of LEEDS UNIVERSITY. He will take up office in the autumn of 1983.

★

Mr Dennis Penfound has been appointed a director of DUNCAN LAWRIE.

★

Mr Robert Dowding has been appointed as commercial director of RACAL-SES.

★

Mr J. E. A. Mocatta, until recently chief executive of United City Merchants, will join the board of BRASWAY as a non-executive director on August 1. Mr D. J. Bradbury, managing director of Brasway bright bar division, has been appointed to the main board of Brasway, also from August 1.

★

Air Marshal Sir David Craig will become Air Officer Commanding-in-Chief, Strike Command and Commander-in-Chief, UK Air Forces from September 20, with the acting rank of Air Chief Marshal, in succession to Air Chief Marshal Sir Keith Williamson.

Air Vice-Marshal P. R. Harding becomes Vice-Chief of the Air Staff from August 28, with the acting rank of Air Marshal, in succession to Air Marshal Sir David Craig. This appointment carries with it membership of the Air Force Board of the Defence Council.

★

The following appointments have been made by EQUITY & LAW LIFE ASSURANCE SOCIETY: Mr Mike Parker (formerly a senior assistant actuary) to be planning secretary; Mr Mike Solomon (formerly staff training secretary) to be a senior assistant secretary; Mr Brian Johns, and Mr Alan Jones to be assistant actuaries; and Mr Andrew Hewett and Mr Keith Littlejohn to be assistant secretaries. In addition Mr Hewett is appointed secretary to Equity & Law (Managed Funds) in place of Mr Bob Ellisdon who remains an assistant secretary of the parent society. Within the next few weeks Mr Peter Shelley (at present an assistant secretary) will take up an appointment in Brussels with L'Union Européenne, the Society's recently acquired Belgian group of companies.

★

Mr G. W. P. (Bill) Wright, formerly with the Netherlands Reinsurance Group, has joined the BRITISH NATIONAL INSURANCE GROUP as an assistant director. He becomes the underwriter responsible for the proportional treaty account underwritten in the name of North Atlantic Insurance Company.

★

WARD, ASHCROFT AND PARKMAN has appointed Mr John Handley as a director.

★

Mr Stephen Souhami, a director of Kraushar and Eassie, market development consultants, has been promoted to the KAE GROUP board.

More appointments, Page 6

INSURANCE

Underwriters prepare for huge asbestosis claims

BY JOHN MOORE, CITY CORRESPONDENT

INSURERS face the largest series of claims in their history as victims of the disease asbestosis file suits.

By the end of the century, according to some estimates, the claims could amount to $150bn (£85bn). Insurers, including underwriters at Lloyd's of London, are already involved in, or at the periphery of, more than 15,000 legal actions. Special reserves are being created by underwriters to deal with claims.

The largest series of claims Lloyd's has faced to date was that on ill-advised computer-leasing insurance. Underwriters' failure to appreciate the rapid changes in technology meant that a total bill of about $500m reached Lloyd's and the London insurance market. Lloyd's dealt with 80 per cent of all claims.

The exposure of Lloyd's on the asbestosis problem is by no means as great, although underwriters there might be liable for anything up to a quarter of whatever is claimed. The likely claims against Lloyd's will exceed by a great margin the amount paid out on computer-leasing liability — but the impact of the asbestosis claims will be mitigated by their being spread over many years. The computer-leasing claims — more than 14,000 of them — were compressed into three years.

Lloyd's identified its difficulties over asbestosis three years ago. Along with other underwriters, those of Lloyd's face a double problem. It insured industrial companies through its own arrangements on legal liability of products and through other contracts, and it reinsured other insurers who had offered liability cover.

The main problem for underwriters is extensive litigation as asbestosis victims claim compensation in the courts. Lloyd's says that the nightmare began in 1971 when a claim was brought in the U.S. against a producer of asbestos.

Damages were awarded because the court found that the person who brought the action had suffered disability through the inhalation of asbestis fibre. Damages were awarded on the basis that there had been a failure to warn of the inherent dangers of the fibre.

There are a number of legal difficulties about the establishment of liability for insurers. The disease is latent—it might not manifest itself for years after contraction by the employee.

The basic issue for underwriters is the decision as to who is responsible for the contraction of the disease, and when, as well as the overall medical condition of the employee. Workers change jobs and companies. If asbestosis does not manifest itself for many years, it poses innumerable difficulties in the establishment of ultimate liability between employer and asbestos manufacturer.

Liability difficulties

Moreover, there is considerable legal argument over the length of time in which employees might have been exposed to an environment which might bring on asbestosis. Does liability attach itself whenever someone breathes in asbestos fibre, perhaps over a period in a working life of up to 40 years?

Or can liability only be established when a doctor has diagnosed the disease? Underwriters in Britain have asked U.S. courts, through 20 declaratory actions in that country, to establish a clear ruling on the extent of liability. The underwriters have noted that U.S. individuals' claims range from $30,000 to $700,000.

The courts in various states of the U.S. have disagreed. One ruled that liability should be strictly related to the amount of time in which an employee had been exposed to the product. Another court ruled that it should be related to when manifestation of the complaint took place. A third court ruled that the insured could collect insurance claims on both cases.

Protracted litigation

"It gives us enormous difficulties in identification of who is responsible for indemnifying the assured."

The protracted litigation in the U.S., however, is working to underwriters' advantage. While litigation is in progress payments are not made, so underwriters may bolster funds by earnings investment income on those reserves which remain unused until the courts rule.

The drawback for insurers is that they are finding it difficult to arrange a fashionable form of re-insurance — retroactive re-insurance cover—on their outstanding liability to do with asbestosis claims.

The drawback for consumers is that insurance liability rates across the board will be more expensive for years to come, and the policies which the consumer will be offered are likely to be more stringently worded and to exclude more types of business from coverage.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—

BOARD MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

TOMORROW

COMPANY MEETINGS—

BOARD MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

WEDNESDAY JULY 28

COMPANY MEETINGS—

BOARD MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

THURSDAY JULY 29

COMPANY MEETINGS—

BOARD MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

Midland Bank

DIVIDEND & INTEREST PAYMENTS—

Allebone and Sons Ln 3½pc
Anglovaal Ord and A Ord 112.820876p. Do 5pcPf 58.922791p
Atlas Brothers (Hosiery) 3.65p
Atlantic Assets Tst 3pcPf 1.75pc
Banco De Chile Fltg Rate Notes 1986 $80.25
Barclays Overseas Inv BV Gtd Fltg Rate Notes 1985 $401.28
Border and Southern Stockholders Tst 5pc Pf 1.75pc
British Car Auction 3.75p

FRIDAY JULY 30

COMPANY MEETINGS—

BOARD MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

Gale Lister Ln 5pc
Garnar Booth 4½pc
Gillett Bros Discount 3½pcPf 1.225p
Gomme Hldgs 5.4pcPf 2.7pc
Guildhall Property Db 3½pc
Hambros Inv Tst 2.3p. Do Db 3¼pc
Hartwells Grp 4.115p
Heinz (H.J.) Dbs 2¼ 3pc
House of Fraser 4½pcPf 1.575pc. Do 5½pcPf 1.925pc. Do 7½pcPf 2.625pc. Do Lns 3 4½pc
Hudson's Bay 6.6637p
Hunslet Hldgs Db 3½pc
Iceland (Republic of) 14½pcLn 2016 7¼pc

SATURDAY JULY 31

DIVIDEND & INTEREST PAYMENTS—

Scottish Agricultural Secs Corp 14pcDb 1993 7pc
Shiroy 7½pcPf 2.625pc
Standard Tst Db 2¼pc
Union Intnl 10pcPf 3.5pc
United States Debenture Corp 3.85pcPf 1.925pc. Do Dbs 2 2¼ 2nd 3rd 1979-84
Westpool Inv Tst Dbs 2½ 2¾pc
Whitbread and Co 4½pcPf 1.575pc
Whitbread Inv Do 3¼pc
Witan Inv Db 3¼pc
Young and Co's Brewery 9pcPf 4.5pc. Do 4.2pcPf 2.1pc

APPOINTMENTS

All Power Inc., a U.S. manufacturer of diesel and gas engine powered generating sets, has formed a wholly-owned subsidiary, ALL-POWER, in England. Mr Noel Jones, previously general manager of Hawker Siddeley Power Engineering (Transmission) has been appointed managing director. Supervision of the company's engineering functions will be undertaken by Mr Michael C. Grant who has just been named as vice president, engineering, of All-Power Inc. Mr Grant will be based in the U.S. and will also supervise the U.S. company's engineering at its main plant in Consbohocken, Pennsylvania.

Mr David Battersby and Mr Peter Lee have been appointed to the board of LINFORD BUILDING. Mr Battersby as purchasing director and Mr Lee as financial control director, both based at Cannock.

Week's business in Commons and Lords

TODAY

Commons: Motions on Housing Benefits Regulations (permitted totals for local schemes), Regulations and the Supplementary Benefit (Housing Benefits). Regulations, until about 7 pm. Then remaining stages of the Legal Aid Bill (Lords). Motions on shipbuilding (redundancy payments). Schemes for Great Britain and Northern Ireland orders. Motion on the Northern Ireland Assembly (day of election) Order.

Lords: Finance Bill, second reading and remaining stages. Brief debate on motion calling attention to the real cost of government economic policy during the past three years and the extent to which it has been borne by those least able to bear it. Stock Transfer Bill, third reading. Short debate on Part II of the Report of the Royal Commission on Criminal Procedure.

Select Committees: Home Affairs — Subject: Racial disadvantage, and Commission for Racial Equality. Witnesses: Rt. Hon. William Whitelaw MP, Home Secretary (Room 16, 5 pm). Treasury and Civil Service—Subject: International Monetary Arrangements. Witnesses: Accepting Houses Committee (Room 15, 4.30 pm).

TOMORROW

Commons: Debate on an Opposition motion on mass unemployment. Motions on the UK Central Council for Nursing, Midwifery and Health Visiting (Electoral Scheme) Order.

Lords: Debate on statement on the Defence Estimates 1982 (Command 8259). Army, Air Force and Naval Discipline Acts (Continuation) Order 1982, Motion for approval.

Select Committee: Defence—Subject: The handling of public and press information during the Falklands Islands conflict. Witnesses: Mr Brian Hanrahan (BBC) and Mr Michael Nicholson (ITN). (Room 15, 10.30 am).

WEDNESDAY

Commons: Remaining stages of the Civic Government (Scotland) Bill. Consideration of Lords amendments to the Local Government and Planning (Scotland) Bill. Motions on the Valuation (Postponement of Revaluation) (Scotland) Order. Remaining stages of the Duchy of Cornwall Management Bill.

Lords: Woolworths (Aberdeen Development) Order Confirmation Bill, third reading. Employment Bill, Report. Northern Ireland Assembly (Day of Election) Order 1982, motion for approval. Valuation (Postponement of Revaluation) (Scotland) Order 1982, motion for approval.

Select Committees: Defence—Subject: The handling of public and press information during the Falkland Islands conflict. Witnesses: Mr David Norris (Daily Mail), Mr Gareth Parry (The Guardian), Mr Max Hastings (The Standard). (Room 15, 10.30 am). Industry and Trade—Subject: UK trade with Asean countries. Witness: The S.E. Asia Trade Advisory Group (Room 16, 10.45 am). Defence—Subject: The handling of public and press information during the Falkland Islands conflict. Witnesses: Mr James Meacham (The Economist), Mr John Connell (Sunday Times), Mr Hugh O'Shaughnessy (Financial Times and The Observer). (Room 16, 4.00 pm). Treasury and Civil Service sub-committee—Subject: The structure of personal income taxation.

THURSDAY

Commons: Consolidated Fund (Appropriation) Bill.

Lords: Derelict Land Bill third reading. Transport Bill, Report. Supplementary Benefits regulations, motions for approval. Shipbuilding Orders (redundancy payments), motions for approval.

FRIDAY

Commons: House will rise for the summer adjournment until Monday October 18.

Lords: Consolidated Fund (Appropriation) Bill. Motor Vehicles (wearing of seat belts) regulations. Supplementary benefits, housing orders, motions for approval. UK Central Council for Nursing, Midwifery and Health Visiting (Electoral Scheme) Order 1982 motion for approval. Housing (payments for well-maintained houses) Order 1982, motion for approval. Companies (accounts and audit) Regulations 1982, motion for approval. Royal Assent.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	The Royal Tournament (01-371 8141) (until July 31)	Earls Court
July 26-30	World Congress and Exhibition for Ultrasound in Medicine and Biology (01-486 6582)	Met Exbn Hall, Brighton
Aug. 8-12	International Gifts Fair (01-855 9201)	Olympia
Aug. 12-15	Wine and Beer Festival (01-778 1256)	Met Exbn Hall, Brighton
Aug. 20-30	Motor Cycle Show (01-385 1200)	Earls Court
Sept. 5-8	International Hardware Trades Fair (01-643 8040)	Olympia
Sept. 5-12	International Air Show (01-839 3231)	Farnborough
Sept. 7-10	Label, Labelling, Marking and Identification Industry Exhibition—LABELEX (01-467 7728)	NEC, Birmingham
Sept. 7-10	International Carpet Fair (021-705 6707)	Harrogate
Sept. 12-16	International Woodworking Industries Exhibition—IWIE (01-486 1951)	NEC, Birmingham
Sept. 12-15	MAB International Menswear Fair (0727 63213)	Earls Court
Sept. 14-16	Coil Winding International '82 (0202 891339)	Wembley Conference Centre
Sept. 19-21	National Bakers' Buying Fair (01-446 2411)	Barbican
Sept. 21-23	Harrogate Fashion Fair (01-637 2400)	Harrogate
Sept. 21-23	Environmental Health Exhibition and Congress (01-637 2400)	Scarborough
Sept 26-28	British Footwear Fair (01-739 2071)	Olympia
Sept 26-29	Fashion Shoes Exhibition (0462 50383)	Kensington Close Hotel
Sept 27-29	Construction Industry International Exhibition and Conference (01-242 3771)	Imperial College, London
Sept 27-Oct 1	Furnaces, Refractories, Heat Treatment and Fuel Economy Exhibition (0737 68611)	NEC, Birmingham
Sept 28-Oct 1	London Business Show (01-647 1001)	Barbican

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
July 31-Aug 3	Hamburg Trade Days (0202 732648)	Hamburg
Aug 11-15	International Trade Fair for Hotels, Restaurants, Catering and Food—HOTELRES (01-681 7688)	Bangkok
Aug. 18-21	Business Equipment and Computer Exhibition — COMBEX (0483 38085)	Hong Kong
Aug. 19-21	International Electronic Packaging and Production Equipment Exhibition—INTERNEPCON (0483 38085)	Singapore
Aug. 27-29	International Men's Wear and International Jeans Fair (01-730 4545)	Cologne
Aug. 30-31	Fashion Samples Fair—INTERCHIC (01-749 3061)	Berlin
Aug. 30-Sept. 2	Indro-Perfumery Exhibition (01-486 1951)	Utrecht
Sept. 4-7	Women's Ready-to-Wear Clothing Show (Paris (1) 268-08.40)	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
July 27-28	MSS: Finance for the Non-Financial Director (0903 34755)	Worthing
Aug. 23-27	Management Training Consultants: Techniques of supervisory and management training for trainers (0533 27062)	Leicester
Aug. 25	Oyez/IBC: Deep water pipeline technology (01-242 2481)	Norway
Aug. 30-Sept. 1	Management Centre Europe: Developing high performance teams (02 219 03 90)	Brussels
Aug. 31-Sept. 2	FT Conference: Aerospace enters a new era (01-621 1355)	Grosvenor House, W1
Sept. 6-8	Frost and Sullivan: Data communications: advanced concepts and systems (01-486 8377)	Mount Royal Hotel, London
Sept 7-10	Industrial Relations Services: Law for personnel industrial relations and works managers (01-328 4751)	Royal Horseguards Hotel, Ldn
Sept 7	Centre for Extension Studies: Contingency planning for bomb, arson and kidnapping threats (0509 263171)	Loughborough
Sept 9	Oyez/IBC: The art of negotiating (01-242 2481)	Hyatt Carlton Hotel, SW1
Sept. 9-14	The Textile Institute: Textile machinery—Investing for the Future (061-834 8457)	Palace Hotel, Lucerne
Sept 13-15	Concrete Society: International symposium on concrete roads (01-235 6661)	Tara Hotel, W8
Sept 13-14	Frost and Sullivan: Understanding and using CAD/CAM (01-486 8377)	Mount Royal Hotel, W1
Sept 13-15	FT Conference: World Financial Futures (01-621 1355)	London Press Centre EC4
Sept 15	IPS: Currencies—Acquiring the Know-How (0990 23711)	Dragonara Hotel, Bristol

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

CONTRACTS AND TENDERS

COMPANY NOTICES

ART GALLERIES

CLUBS

PERSONAL

CONCERTS

TRAVEL

PUBLIC NOTICES

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.20 Cheggers Plays Pop starring Keith Chegwin. 9.45 Jackanory. 10.00 Paddington. 10.05 Why Don't You . . . ? 10.45-12.30 pm A Service of Thanksgiving and Remembrance, for the liberation of the Falkland Islands, and in commemoration of the fallen. Her Majesty The Queen joins the congregation in St Paul's Cathedral. 1.00 News After Noon. 1.30-1.45 Postman Pat. 3.10 Pobol Y Cwm. 3.40 Your Songs of Praise Choice. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Heyyy, It's The King. 4.55 Newsround. 5.05 Ticket To Ride. 5.35 The Perishers.
5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
7.25 Doctor Who and The Monsters.
8.10 Panorama.
9.00 News.
9.25 Taxi.
9.50 QED—A Guide to Armageddon. An examination of the effects of nuclear weapons—The first half of the programme looks at the physical effects of a single medium-sized nuclear warhead. (Second half on BBC 2 Friday 10.00 pm.)
10.50 BA in Music.
11.18 News Headlines.
11.20 Taking the Strain.

Tonight's Choice

A. J. Wentworth, B.A. will prove a welcome gentle escape from things warlike tonight. If you have not yet caught this delightful little Thames series then do give it a try (all ITV). Elsewhere combat takes over. Dr Who is locked in conflict with the Daleks in Doctor Who and the Monsters (BBC 1); Q.E.D.—A Guide to Armageddon looks at our prospects in the wake of nuclear conflict (BBC 1); and another viewing of The Hill (Thames TV only) shows the horrors of military prison life and a superb performance from Sean Connery.

The BBC look at nuclear warfare's impact on civilians is potentially fascinating. Things nuclear are so emotive these days that the truth is difficult to fathom—if you love tha bomb then its them that's going to get hurt, not us; if you hate it then defence is hopeless so just lie down and let them walk over you.

There is not much escape from this televisual armageddon tonight. Unless you are in serious mood neither radio or television offers much after sunset. Dedicate your late evening to thoughtfulness, or rent a videotape.

ARTHUR SANDLES

BBC 2

6.40-7.55 am Open University.
10.30-10.55 Play school.
5.10 Adult Literacy.
†5.40 Laurel and Hardy double bill.
6.20 Lord Mountbatten remembers.
6.55 Six Fifty-fiva special.
7.25 News summary.
7.30 Welcome to Wodehouse.
7.45 Best of Brass.
8.20 The Paul Daniels Magic Show.
9.00 Sing Country.
9.50 Third Eye.
10.40 Zea.
10.45-11.35 Newsnight.
BBC 2 WALES only — 11.15 am-12.15 pm and 2.15-4.45—International Crown Green Bowls.

LONDON

9.30 am Sport Billy. 9.50 Ninety Degrees below. 10.45 Crazy World of Sport. 11.10 Little House on the Prairie. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 Under Fives. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Van Der Valk. 2.30 Monday Matinee: Ursula Andress, Peter Cushing and Bernard Cribbins in "SHE". 4.15 Dr Snuggles. 4.20 Ragdolly Anna. 4.30 Rowan's Report. 4.45 Watch All Night. 5.15 Gambit News 5.45
6.00 Thames News with Rita Carter and Colin Baker
6.25 HELP!: Community action with Viv Taylor Gee.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 A. J. Wentworth, B.A.
8.30 World in Action.
9.00 Quincy.
10.00 News
†10.30 "The Hill": Sean Connery, Harry Andrews, Ian Bannen, Alfred Lynch and Ossie Davis star as five prisoners admitted to a British military stockade in North Africa during World War II.
12.25 am Close: Sit Up and Listen with Fred Truman.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA
6.35 am Larry The Lamb. 9.45 The Adventures of Niko. 10.15 The Galway Way. 11.10 Max and Moritz. 11.50 The Bubbles. 1.20 pm Anglia News. 2.30 Monday Film Matinee: "Bedtime Story," starring Marlon Brando, David Niven and Shirley Jones. 5.15 Diff'rent Strokes. 6.00 About Anglia. 6.30 Benson. 9.00 Minder. 10.30 Anglia Reports. 11.00 Speedway. 11.45 Love American Style. 12.10 am Reflection.

CENTRAL
9.45 am The Galway Way. 10.45 Beyond Westworld. 11.35 Stingray. 1.20 pm Central News. 12.30 The Monday Screen Matinee: "The Mudlark," starring Alec Guinness. 5.15 Survival. 6.00 Central News. 9.00 Minder. 10.30 Contrasts. 11.00 Central News. 11.05 Lou Grant. 12.05 am Come Close.

GRANADA
9.30 am The History of the Motor Car. 9.50 Sport Billy. 10.15 Untamed World. 10.35 The Flying Kiwi. 11.00 Sesame Street. 1.20 pm Granada Reports. 1.30 Wilderness Alive. 2.25 Monday Matinee—Howard Duff and Linda Crystal in "Panic In The City." 5.15 The Two Of Us. 6.00 Private Benjamin. 6.30 Granada Reports. 9.00 Strangers. 10.30 Thriller—"Not Guilty." 11.50 Superstar Profile.

HTV
9.50 am 3-2-1 Contact. 10.20 Kom Kom. 10.40 Clapperboard. 11.05 Vicky the Viking. 11.30 The Greatest Thinkers. 1.20 pm HTV News. 2.30 Monday Matinee: "The Blue Peter" starring Kieron Moore, Greta Gynt, Sarah Lawson and Mervyn Johns. 4.15 Warner Brothers Cartoon. 5.15 Mr Merlin. 6.00 HTV News. 9.00 Minder. 10.30 HTV News. 10.30 Soap. 11.00 Police Story.
HTV Cymru/Wales—As HTV West except:—11.05-11.30 am Bailey's Bird. 12.00-12.10 pm Dwsw Maen Yn Twsd. 4.20 Ar Safari. 4.45-5.15 Gogila. 6.00 Y Dydd. 6.30-7.00 Report Wales. 11.00 Newsweithio Roc Sir. 12.00-12.30 am The Medicine Men.

SCOTTISH
10.00 am Target The Impossible. 10.25 Portrait of a Village. 10.50 The Amazing Years of the Cinema. 11.15 Adventures of Parsley. 11.20 Brass in Concert. 1.20 pm Scottish News. 12.30 Action and Adventure—"Kit Carson" starring Dana Andrews. 5.15 Diff'rent Strokes. 6.00 Scotland Today. 6.40 Crime Desk. 9.00 Minder. 10.30 Late Call. 10.35 Police Story.

TSW
9.35 am Sesame Street. 10.35 Story Hour. 11.25 Untamed World. 11.50 European Folk Tales. 1.20 pm TSW News Headlines. 2.30 Feature Film: "Jet Storm" starring Richard Attenborough and Stanley Baker. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Here's Boomer. 6.00 Today South West. 6.30 Happy Days. 9.00 Lou Grant. 10.32 TSW Late News. 10.35 Postscript. 10.40 Thriller: "Melody of Hate."

TVS
9.30 am 3-2-1 Contact. 10.00 Friends of My Friends. 10.25 Tarzan. 11.15 The Real World. 11.45 Larry the Lamb. 1.20 pm TVS News. 2.30 The Monday Matinee: "The Jokers" starring Michael Crawford and Oliver Reed. 5.15 The Adventures of Black Beauty. 6.00 Coast to Coast. 6.30 Over the Garden Wall. 9.00 Minder. 10.30 Hill Street Blues. 11.30 Showcase. 11.45 The Jazz Series (Ronnie Scott Quartet). 12.15 am Company.

TYNE TEES
9.20 am The Good Word. 6.25 North East News. 9.30 Hands. 9.55 Golfing Greats (Johnny Miller). 10.20 Cartoon Time. 10.30 Bygones. 11.00 Sesame Street. 1.20 pm North East News and Lookaround. 2.30 Monday Matinee: "Quest For Love" starring Joan Collins. 5.15 The New Fred and Barney Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 9.00 Minder. 10.30 North East News. 10.32 Thriller—"Screamer." 12.00 The Other Professionals.

YORKSHIRE
9.30 am Sesame Street. 10.30 Jason of Star Command. 10.55 World We Live In. 11.20 Rocket Robin Hood. 11.40 Children of Kamoe. 1.20 Calendar News. 2.30 Monday Matinee: "Run a Crooked Mile," starring Louis Jourdan and Mary Tyler Moore. 5.15 The Two of Us. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Happy Days. 9.00 Minder. 10.30 Brass in Concert. 11.15 Journey to the Unknown.

RADIO

RADIO 1
(S) Stereo broadcast (when broadcast on vhf)
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Andy Peebles. 11.00 Simon Bates. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Steve Wright. 4.30 Peter Powell. 7.00 Stayin' Alive. 8.30 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2
5.00 am Jimmy Mack (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Folk On 2 (S). 9.00 Humphrey Lyttelton with The Best of Jazz (S). 9.55 Sports Desk. 10.00 The Law Game. 10.30 Star Sound. 11.00 Brian Matthews presents Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composers: Cimarosa and his Circle (S). 10.00 Shostakovich and Bridge string quartet recital (S). 10.50 Some English Songs (S). 11.10 20th century (S). 11.30 Field Piano Concertos (S). 1.00 pm News. 1.05 recital (S). 2.00 Matinee Musicale (S). 3.00 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Music for Organ (S). 7.00 Let The Peoples Sing (S). 7.30 Proms 82, part 1: Lutoslawski, Bartok. 8.30 What Books I Please. 8.50 Proms 82, part 2: Beethoven. 9.40 A Story? Perhaps A Vision. 10.25 Britten's Cabaret Songs (S). 10.45 Jazz in Britain (S). 11.15-11.18 News.

RADIO 4
6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today. 8.35 The Week on 4. 9.00 News. 9.05 Start the Week with Richard Baker (S). 10.00 News. 10.02 A Small Country Living. 10.30 Morning Story. 10.45 Falklands Memorial Service from St. Paul's (S). 12.00 News. 12.02 pm You and Yours. 12.27 What Ho! Jeeves. 12.55 Weather; travel; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.30 Makers of History (John F. Kennedy). 4.40 Story Time. 5.00 pm News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 The News Quiz (S). 7.00 News. 7.05 The Archers. 7.20 Start the Week with Richard Baker (S). 8.00 The Monday Play (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

THE WEEK IN THE COURTS

Extradition and the fugitive

THE EARLY European jurists had a clear idea how States should behave towards the fugitive criminals in their midst. Either they should be surrendered to the foreign state where their crimes were committed, or they should be prosecuted in the countries where they took refuge. In England, at least, it could generally be the former only, because only a handful of serious crimes committed abroad were prosecutable. That is still broadly true.

If surrender were the only realistic option for this country, in practice it was not until well into the 19th century that the surrender of fugitive criminals became the rule rather than the exception. The handing-over of a fugitive criminal was a matter of grace rather than of obligation. The Extradition Act of 1870 was the first substantial atep Parliament took to establish the procedure and conditions for the arrest and delivery of fugitives from justice. Not since the Royal Commission of 1877 (which reviewed the 1870 Act) has there been a thorough review of the law and practice of extradition. The report of an inter-departmental working party is, therefore, an event of some moment to those who think that there is a crying need for a modern code of extradition.*

The initial resistance to tha idea that offenders should be surrendered to the courts of foreign countries was only in part due to the feeling that criminal justice elsewhere than in the British Isles was of an inferior brand; to which the British should not lightly be subjected. More relevant in practice was tha fact that the relativa immobility of offenders across national frontiers and across the English Channel meant that few foreigners escaped to these shores, and the British who committed crimes abroad had an in-built natitonal immunity. But easier travel altered in a dramatic way the degree to which criminals could move quickly from tha scene of their crimes.

Crime has become increasingly international in more sense than one, if only because communications have greatly facilitated crime being committed across national borders, the perpetrators not setting foot in the territory of their victims.

Allied to these severely practical considerations has been the growing awareness that the comity of nations dictates a state's obligation to bring offenders to justice, somewhere. The law of extradition which emerged at the end of the last century was thus founded on the broad principle that it is in the mutual interests of civilised nations that crime should not go unpunished, and that it is part of the community of nations that ona State should afford to every other assistance towards bringing persons guilty of crimes to justice.

A century of experience among practitioners in the field of extradition has demonstrated the thorny obstacles of a highly technical branch of law. The working party reports that a third of all applications for extradition from this country fail, the most common single cause of failure being the requesting State's inability both to satisfy the rules of evidence under English law and the burdan of proof to obtain a surrender. The main proposal is to relax the strict rules of evidence, but to retain the requirement that the reqnesting State should satisfy the magistrate that there is a case for the fugitive criminal to answer.

The offences which are extraditable under English law are listed in a schedule to the 1870 Act, as subsequently extended by a number of enactments. This means to identify specific extraditable offences is known as the "list" or "enumerative" method. This method has the advantage of allowing legislators to specify what they are prepared to concede by way of handing over fugitive offenders but it suffers from inflexibility. The alternative method, used by many countries (the "no list" or "eliminative" method) is to define extraditable offences by reference to the severity of punishment.

Tha working party recommends tha "no-list" method for any new legislation. Any crime which attracts a maximum penalty of at least a year in prison (or a more severe penalty), in both countries concerned, would be extraditable.

An important question is whether fiscal offences are extraditable. Offences in connection with taxes, customs duties and the like are not mentioned in the list. There is some doubt as to whether extradition may be granted where the Revenua happens to be the victim of an ordinary crime, such as forgery or fraud. A case two years ago suggested that even an indirect enforcement of a fiscal crime by extradition is not permitted.†

The working party cautiously recommends some movement towards the extradition of those who commit some fiscal offences. It thinks that States with which thare are close economic and political ties, and which have similar revenue laws, might agree to relax the safeguard in the law against a person being tried for a fiscal offence which had no direct equivalent in England. Would there, for example, be any reason not to return to the Netherlands a British subject who had commited offences under the Dutch VAT law, which is established under the general directives of the EEC?

There are two main safeguards against unacceptable surrenders of offenders. The first is the requirement that the acts or omissions for which the offender is sought to face a criminal trial, if they were to have been done in the requested State, would disclose an extraditable offence in that State as well as in the requesting State. The second protection is against the return of an offence of a political character. Tha courts have wrestled with the attempts to provide a satisfactory definition, and have demonstrably failed. This is seen as an advantage, in giving the courts freedom to arrive at a commonsense decision in the light of all the circumstances of the individual case, but it militates against the judicial usa of the power. The courts have rarely upheld a claim on the grounds that the offence was political (and then only when, even more rarely, a Communist country has sought the return of offenders—in that case, Polish seamen who mutinied on board a Polish ship before they arrived in Britain‡).

The working party does not consider the alternative of leaving such decisions exclusively to Ministers, who have only a residual, and rarely exercised, power to decline to surrender a political offander.

Tha Home Secretary is inviting the public to comment on the review before the Government draws its own conclusions preparatory to legislation.

* *A review of the law and practice of extradition in the United Kingdom; Criminal Justice Department, Home Office.*

† *R v Governor of Pentonville Prison, ex parte Khubchondoni* [1980] 71 Cr App. R. 241.

‡ *R v Governor of Brixton Prison, ex parte Kolczynski* [1955] 1QB. 540.

Justinian

RACING

BY DOMINIC WIGAN

THE QUEEN gained to the tune of around £1.5m through the Arab invasion of the country's thoroughbred breeding industry a week or two ago when Hamdan al Maktoum set his heart on Height Of Fashion.

It seems that many other breeders here and in the U.S. will be reaping similar rewards. The Maktoum brothers of Dubai have built up a string of around 150 horses in an amazingly short spell of time and, judged by their activities on the breeding front and at the sale rings of late, their fascination for English racing and breeding is growing by the month.

Only last week at Keeneland, Hamdan al Maktoum's younger brothers, Abdulla and Sheikh Mohammed, added, a further $12m (about £7m) to a shopping bill begun a few days earlier at the Fasig Tipton Sales.

It is probable that all their purchases will be flown to Britain to be put in training with such successful handlers as John Dunlop and Jeremy Tree.

Tree undoubtedly helped to boost Arab involvement in British racing when landing the 2,000 Guineas for Khalid Abdulla with Known Fact.

Now Khalid Abdulla has bought the Cayton Stud and turned it into an establishment to match any found in Kentucky.

Although an Arab presence was not to be found in the winners' enclosure after Saturday's King George VI and Queen Elizabeth Diamond Stakes, other results reflected the growing Middle Eastern involvement.

Prince Yazid Saud's Shaady, a Habitat colt, landed the opener, the Sancy Diamond Stakes.

Later in the afternoon the yellow and blue diamond colours of Prince Saud were back in the winners' enclosure.

NEWCASTLE
3.30—Dalbury**
4.00—King's Forest*
5.00—Royal Home***

BUILDING AND CIVIL ENGINEERING

Renewed pleas for construction help

YET another plea by building industry chiefs for the Government to increase public expenditure on construction is accompanied by two new surveys which stress that a recovery in construction workloads is still a long way off.

In a letter to the Prime Minister, Mr Malcolm Fordy, president of the National Federation of Building Trades Employers says the building industry is continuing to suffer from "a recession of unrelieved length and depth."

"Unless tangible signs of a workload recovery in both the private and public sectors become clear very soon, many more firms, even amongst the very best, will enter a new round of labour shedding and faster reduction of apprentice intakes—if indeed they can continue in business at all," says Mr Fordy.

The Federation, in its latest state of trade inquiry, says that evidence this spring of a strengthening recovery in the building industry has not been borne out by events.

"The inquiry among 500 building contractors of various sizes throughout Britain shows that, although the industry's trading position is not deteriorating as rapidly as in 1980 and 1981, there is no sign of an upturn in either inquiries for new work or in output. Indeed in all sectors of workload, the number of firms reporting worsening market conditions still outweighs those experiencing market growth," says the Federation.

The latest construction workload forecasts published by the National Council of Building Material Producers is also not expecting any improvement in total construction activity in 1982, although it expects to see modest increases of about 3.5 per cent a year in 1983 and 1984.

In particular, the Building Material Producers say, that the improvement in private housebuilding starts enjoyed earlier this year is now showing signs of faltering. The BMP say: "The main economic factors constraining recovery in construction are lack of growth in personal disposable incomes, restraints on expenditure on construction, and the general weakness of the economy."

ANDREW TAYLOR

Government steps in to raise standards

PUBLIC sector purchasers of building materials and products are at last going to flex their muscles in an effort to raise the standard of home-produced goods and enable the construction industry to buy British.

Following several highly critical reports of the quality, marketability and performance of UK products both by market research organisations and Government ministers, action is now being taken on several related fronts.

The Property Services Agency, the part of the Department of the Environment which deals with the government estate and is the largest government purchaser of building products, is to set up a Product Development Group of civil servants whose task will be to examine building materials and products and identify areas where standards are unsatisfactory. In parallel, an all-industry representative panel will be set up, under the chairmanship of PSA architect Dan Lacey, to discuss the PDG's reports and recommendations and decide what action needs to be taken.

The report by Industrial Market Research for the Building EDC (FT June 28) on some building materials said that BSI should review the constitution of its committees to encourage a bigger role for specifiers and end users.

Mr John Stanley, Minister of Housing and Construction, was even more blunt when, in his report to the EDC, he said: "I understand that some representatives of manufacturing industry who serve on BSI incline towards standards which can be met by the majority of manufacturers rather than standards that are necessary to beat our toughest competitors in the home and international markets."

By having representatives of all public sector purchasers, including local authorities and nationalised industries, and people on the specification side of the private contracting sector as well on the new panel, it is hoped to correct what is seen as a damaging anomaly which has, for too long, hindered British export performance and led to unacceptably high import penetration in several sectors.

America's 'Band Aid' infrastructure

BY PAUL TAYLOR

When a one foot by two foot chunk of steel recently blew out of an 80-year-old pipe, halting water supplies for three days to the 300,000 residents of Jersey City across the Hudson River from New York, there was massive disruption but minimal surprise.

For the incident, although dramatic, was far from unique in a country where the state of public services in some areas is prompting politicians, business men and newspapers to talk in terms of a "crisis" and the "collapse" of basic infrastructure in the U.S.

In New York alone, the state government estimated last autumn that between $8bn and $16bn a year is needed for infrastructure improvements—double the current level of expenditure.

But the problem is not confined to New York. Broken water mains, subsiding roads, closed bridges and public transport system plagued with breakdowns are now commonplace.

In Pittsburgh, U.S. Steel claims to be spending more than $1bn a year to divert its trucks 26 miles around a bridge closed to heavy traffic two years ago. In oil-rich Houston a local magazine claims to have counted 1.5m potholes in city roads.

Among tha particular problems identified by local authorities, central government and independent study groups are:

● More than 8,000 miles of tha nation's 42,500 interstate motorway network and 13 per cent of its bridges have passed their planned service life and are in need of replacement. Ten per cent of the motorway network needs resurfacing immediately. The congressional budget office estimated that, aside from the $38bn needed to complete the motorway system, renovating the existing routes will cost $16bn from now until 1990. The sums needed to repair city streets and other roads are even higher.

● Repairing or replacing the 252,000 bridges identified by the transportation department as being in need of maintenance could cost $47bn.

● Ten out of 28 cities surveyed in one study are losing at least 10 per cent of their treated water through pipe leakages. Another study suggested that it could cost $100bn over the next 20 years to maintain existing water supplies to the 760 U.S. cities with more than 50,000 residents.

● Local authorities will need to spend $31bn over the next five years to maintain sewer systems.

● New York City alone has said it needs to raise $5bn to renovate its public transport system.

The impact of the lack of funding for infrastructure projects is now widely recognised. Morgan *Guaranty Trust*, the Naw York Bank, in a report published this month, said that crumbling facilities were causing reductions in efficiancy, stunting prodnctivity and increasing costs. The bank noted that "the decay in public facilities is beginning to undermine the private sector, starting to raise a barrier to economic growth and threatening U.S. competitiveness in the export market."

The report said that the deterioration in infrastructure was the result of "a drastic cut back in capital spending by state and local governments on new projects and on repair and maintenance."

The bank suggested four basic reasons for the lack of funding, involving a shift away from capital project funding towards social programmes, higher interest rates, the wave of tax cuts and expenditure controls which have constrained local authority spending, excessive central government controls over projects and the "stop-go" nature of federal grants which have made planning difficult and deterred investment.

Morgan suggested that the gap between what is being spent on maintaining and improving basic infrastructure and what needs to be spent has grown "larger in recent years and said that by 1985 it could be as big as $500bn.

Mr Philip Braverman, Chase Manhattan Bank vice-president, echoed these views last week when he told a congressional committee studying the Administration's national urban policy report that "critical bridges, roadways, water and sewer systems have been kept in operation for years with 'band-aid' measures'." He said this had created a "huge deficiency of urgently needed capital investment that easily exceeds $200bn."

The Administration's response to this "crisis" has been mixed. Its national urban policy review accepts that "something must be done" but is not specific. President Reagan has plans for more enterprise zones which might help channel funds towards the hardest hit areas but, on the other hand, he rejected a proposed five-cents-a-gallon increase in petrol tax earlier this year which could have raised an additional $5bn a year towards the cost of urgently needed road and public transport improvements.

Morgan Guaranty suggests a set of proposals including the setting up of a public construction trust financed by excise or other consumption taxes to provide a more stable flow of Government grants to local authorities for capital projects and the introduction of a national capital budget which would set out spending priorities.

The bank also urges public officials to resist the temptation to raid capital budget to finance revenue shortfalls. It says such political expediency fails to face up to today's urgent needs and merely shifts the burden to coming generations. It warns: "Time is running out for further postponement of capital spending—the bill for neglect is now coming due."

What's new in building

A second kiln has been converted at the Sontham, Warwicks, works of Rugby Portland Cement for a novel, energy-saving, semi-wet system designed to effect simple and reliable operation with cheaper running and energy costs. This process uses much less water in the kiln feed slurry by pressure filtration thus affecting lower heat input of the kiln system itself. More on 0788 2111.

★

Shorform International is making a special offer on its newly launched, low cost British Standard Adjustable Steel Prop, in some cases undercutting by as much as 25 per cent the prices of alternatives. Smallest prop in the range, size 0 (for a full lorry load) will cost £8.75 each; others, from size 1 to 4, qualify for the special deal but a load will have to weigh more than 18,000 kg. More on 0444 412556.

★

The "Speciroof Rocket" is a new continuous flame torch for applying bituminous roofing membranes which, in contrast to similar products, consists of single or multi-headed gas burners said to produce an even spread of flame across the whole width of a roll of roofing membrane.

It promises to be much easier for an operative to achieve consistent melting of the bitumen backing of the roll as he unravels it across a roof. This eliminates two potential hazards — first, the danger of damage to the physical integrity of the roll by tha production of isolated "hot spots"; and, secondly, an uneven melting of the bitumen with consequent impairment of adhesion.

Designer Bob Bullen (managing director of Speciroof, 04862 23421) claims that his concept should use up to 40 per cent less fuel than older style torches in present use.

★

A reinforced cement roof slate with a new pigmentation that more accurately reflects the colour of real slate both on the face and on all edges has been launched by Eternit Building Products (0763 60421).

Called Eternit 2000, the slate has a transparent coating on its weather face to improve resistance to efflorescence and algaa — thus providing tha desired appearance on installation without the need for a winter's weathering, says the company, which offers the product with a 30-year guarantee.

UK CONTRACTS

WORK HAS started on the site of a new £9m television centre for HTV at Culverhouse Cross, Cardiff, which R. M. DOUGLAS is to construct.

The centre will have a floor area of about 14,000 square metres covering a technical building, reception and office complex, amenity building linked by a covered walkway, plant house and external works, including extensive landscaping, car parks and drainage.

★

THE FIRST competitive building contractor to work at Thamesmead, CROUDACE CONSTRUCTION, says it is still winning work at this south-east London development area, and announces a £4.3m award for building 198 dwellings.

The GLC has requested 79 two-storey houses and 119 flats in three-storey blocks. The company has already constructed foundations, roads and sewers at the site known as Area 88.

★

FRENCH KIER should start any moment on a £4.3m three-storey extension to Burmah House, Swindon, for Burmah Oil Trading. Duration of the work is set at 92 weeks. Wilson Mason and Partners are the architects, Yeoman and Edwards the quantity surveyors, and consulting engineer is A. C. Rose.

★

A NEW hospital at Colney, Norwich for BUPA is worth £3.2m in contract value to BOVIS which is responsible for the design, management and construction. The hospital will provide two double storey linked blocks housing 56 beds, two operating theatres and x-ray, pathology and physiotheraphy facilities.

★

THE SECOND stage of Vosper Thornycroft's covered berth at Portchester Shipyard has been commenced by WARINGS which has won the £2.7m contract for extending the existing building and providing additional offices, workshops and amenity accommodation.

★

TURRIFF has a £1m award from Cleveland County Council for the adaption of Dartmouth House, Longlands Flats, Middlesbrough as student accommodation.

OVERSEAS CONTRACTS

British accent on Saudi hospital building

A THIRD major hospital project for British-Saudi joint venture LAING WIMPEY ALIREZA, heralds another important phase in Saudi Arabia's third five-year plan, under which the Ministry of Health will provide modern health care in relatively remote areas of the kingdom.

The joint venture company already has two important hospital schemes underway at Al Midhnab and Al Bukayriyah which are both due for completion in early 1984.

Letters of intent have been received for the £32m project and a spokesman for Laing in the UK says that the company "anticipates a fairly rapid signature." Work will then commence immediately, with a completion target fixed for 26 months from the start of the contract.

Unlike the other two hospitals already under construction in less accessible parts of the kingdom, the new project has the advantage of being right on the coast at Al Jubail. Once an obscure fishing village on the Arabian Gulf, this is now being transformed into a vast industrial city whose local terrain is undulating sand dunes.

Lying within the depressions of the dunes is "subkhar," or waterlogged sand, creating the immediate foundation for hundreds of modern structures, and the new 150-bed general hospital.

Won on a design and build concept by John Laing Design Associates, the contract will be managed by staff from Laing and Wimpey, with Alireza providing the workforce.

Built on an area of about 20,000 square metres the project has an in situ frame with pre-cast cladding, but a marble façade highlights part of the hospital building and the recreation centre.

The two-storey design incorporates emergency and x-ray rooms, a blood bank, several clinics and a maternity ward. An auxiliary building contains a workshop, laundry room, sewage treatment plant and storage and garage facilities.

★

A BRITISH group has been appointed by the Socialist Peoples Libyan Arab Jamahiriya to supervise the completion of a 1,200 bed hospital in Benghazi.

Designed by a Swedish consultant in 1964 the hospital does not conform to present-day hospital practice in both layout and building services, hence the involvement of Buckle and Partners (building services consultants), James Cubitt and Partners (architects), BMMK (structural engineers) and Tillyards (quantity surveyors).

The present programme is for completion in two years. Buckle and Partners started work on site earlier this year and has two resident engineers, shortly increasing to three, who will supervise the installation of the *complex electrical* and mechanical services.

DEBORAH PICKERING

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Hugh Routledge

Len Payne: "The best of the British systems are very sophisticated and very exacting"

A pivot to profitability

In another article on the upgrading of certain jobs, Arnold Kransdorff talks to a director of distribution

Profile

BY ANY other name Len Payne is a freight haulier. He makes sure that J. Sainsbury's foodstuffs and grocery items are moved swiftly and efficiently between the company's 25 warehouses and 250 High Street outlets.

To do so he controls more than 1,000 truck movements a day. About half of these are provided by the company's own fleet, with the balance from six independent operators.

Were he doing the job 25 years ago he would have been considered a mere functionary in the food multiple's corporate hierarchy—with a status and salary to match.

At its most simple, his job would have been to trace shipments and check the freight rates of competing hauliers. As the company would be using some of its own transport, he would also probably be responsible for making sure that it used the right type and size of vehicle for particular consignments.

Since then his job has come a long way, particularly because of the disciplines imposed by the need for speedier customer service, a critical factor in most businesses today, especially the food industry.

Far more than it was two decades ago, fresh food is today a vital element of any supermarket chain's merchandise. Then Sainsbury's delivery cycle would have been three or four days; now it is 24 hours.

As Sainsbury's director of distribution, Payne is one of a new generation of managers, having had his importance within the company recognised through a main board appointment.

While still relatively unusual in industry, this elevation is a recognition by Sainsbury that distribution represents an increasingly important element of overall costs—and should be given equal weight with other main functions such as production and sales.

Like production, distribution has become capital intensive, labour-intensive and energy-intensive. For many companies it has become pivotal to profitability, yet relatively few give it anything but token attention.

An indication of its importance is the fact that distribution costs at Sainsbury amount to roughly 3.5 per cent of retail prices—and group sales totalled almost £2bn in 1981-82.

A recent survey by A. T. Kearney, the U.S.-based management consultancy, found that fewer than 20 per cent of European companies had a co-ordinated approach to distribution. In other words, most still treat distribution as an ad hoc function, rather than linking it closely to warehousing and stock control.

Payne says he knows of only about a dozen UK companies which have given the distribution function main board status, although he believes this trend is rising.

An accountant by training, Payne's first direct exposure to the world of distribution came in 1964 when he was appointed finance director of British Road Services. He subsequently became director of technical services and development of the group's parent body, the National Freight Corporation, and then its executive vice-chairman, a post he held for four years. (The NFC has since become the National Freight Consortium following a management and employee buy-out earlier this year.)

Payne joined Sainsbury in 1974, the year after the company went public with an annual turnover of £300m. At that time it was already considered progressive in the field of distribution, along with companies like Boots and Kelloggs.

It realised that distribution was more than just the transportation of goods: that costs could only be radically cut by integrating it with efficient warehousing and inventory control.

With his highly professional approach to distribution, Payne feels he and his department have contributed in no small way to the company's success since then.

In the old days a transport manager was usually more concerned with transport technology than with the whole process of getting merchandise to the customer, says Payne. "Today, physical distribution is a graduate profession and transport managers have to be highly numerate."

Payne says that the new job requires skills in a number of management techniques, among them accounting, strategic planning and computerisation.

Well informed

"Today, a transport manager in industry has to be pretty well informed about how to make operational decisions. Taking into account service standards, he has to know a lot about costing structure: for example, he must have the ability to weigh-up whether to use one's own distribution network or an outside contractor.

"He must also know about strategic planning and be able to implement an operational plan to match general policy laid down by the main board.

"He also has to know how to use a computer, which is the essence of a modern day operation. At Sainsbury, a computer order cycle will start at 5 pm. By 11.30 pm the computer will have juggled with the figures, giving out such information as availability and routing instructions. Perishable goods will be in the shops by 7.30 am the next morning and non-perishables by 5.30 pm."

Payne believes that in distribution terms, the retail goods business in Britain "stands comparison with anywhere in the world. We are better than many European companies and, certainly, 100 per cent more efficient than in the U.S., which has to deal with much larger distances.

"The best of the British systems are very sophisticated and very exacting but this does not apply to manufacturing industry, especially engineering. In manufacturing, distribution systems are very bad, which probably helps account for the sector's poor performance."

Payne believes it regrettable that industrialists are taking so long to realise the benefits of an efficient distribution system. He would clearly like to see a lot more of his colleagues on boards of directors.

The previous article in this series appeared on July 14.

ACCOUNTANCY

Legal ramifications

BY MICHAEL LAFFERTY

WHO SHOULD be entitled to rely upon a set of company accounts, to the point of having the right to take legal action in the event that the information turns out to be misleading?

Shareholders have such rights—at least in theory—and it is sometimes said that certain creditors may be able to take action. But what about future investors, investment analysts or employees?

The matter is of some significance since the British accounting profession has been going around for years talking about accounts being general purpose documents, intended to serve the information needs of a wide range of users.

This is why practising accountants throughout Britain are dismayed at the implications of the Jeb Fasteners case, which reached the Appeal Court earlier last month. The Appeal Court upheld an earlier High Court judgment, which had established that auditors have a wider degree of responsibility under the law than had previously been accepted. Specifically, Justice Woolf said that auditors owed a duty of care in giving an opinion on a set of accounts to those people whom they knew or ought reasonably to have known might rely on them. Such eventual users of the accounts might well have been strangers to the auditor at the time the audit was carried out—as was the case with Jeb Fasteners.

The full implications of the Jeb Fasteners affair are not yet clear. But what does seem obvious is that auditors are being, and can expect to be, sued more often.

By and large, British auditors seem to have had a pretty easy time with lawsuits up to now. It is rare in the extreme for a shareholder, to whom the auditor reports, to take action for negligence. Contention generally seems to arise in matters such as takeovers, where the bidder finds that the affairs of the acquired business are not what the accounts purport, and then seeks retribution from the auditor or the investigating accountant.

This issue is closely linked with the objectives of accounts, and the purposes for which true and fair financial statements are prepared. If accounts are truly prepared only for shareholder purposes, the auditor's position is far less onerous. But are company accounts prepared solely for shareholder use?

Certainly it is no longer fashionable at the elite end of the accountancy profession to take such a view. Indeed, as long ago as 1975 the British accountancy profession's Accounting Standards Committee said in its famous discussion paper, "The Corporate Report," that annual reports should be general purpose documents, serving the information needs of a wide variety of accounts users, including shareholders, creditors, employees, analysts, business contacts, government, and the public at large.

Not very much came of "The Corporate Report," though the Department of Trade did take up much of its theme in some of its discussion papers some years ago. These papers may now be long forgotten, but other company legislation initiated at the EEC has progressed. Indeed the EEC Fourth Company Law Directive is now part of British company law.

What then does EEC company law have to say about the purposes of company accounts?

It turns out that one of the main objectives of the EEC company law harmonisation programme is "the co-ordination of safeguards contained in the national company laws of the member states for the protection of those having interests in the affairs of companies, in particular their shareholders, creditors and employees."

International

A LAWSUIT against a major accounting firm now under way in the U.S. raises fascinating questions about the so-called international accounting firms. Essentially, this firm is denying liability for the actions of its overseas fellow-partnerships when they audited parts of a multinational company, AM International. The firm in question is Price Waterhouse, possibly the most blue chip of all the great firms in national and international accounting work.

Just what is an international accounting firm? Is it one organisation or simply some collection of like-minded national firms which help each other out? The reality in most cases may well be that it is somewhere in between. Five years ago every large accounting firm wanted to be regarded as international, but today the tune is national.

Despite this, there is an ever increasing tendency for the accounts of the world's largest companies to bear audit opinions signed in the name of the major nine international accounting groups — Arthur Andersen, Arthur Young, Coopers and Lybrand, Deloitte, Haskins and Sells, Ernst and Whinney, KMG, Touche Ross, Peat Marwick Mitchell, and Price Waterhouse. Yet the quality and extent of the information on which some of these firms give true and fair, or equivalent audit opinions varies greatly. Sometimes their names crop up on unconsolidated accounts, sometimes on partially consolidated accounts, and sometimes there is unsatisfactory disclosure of accounting policies.

Is it not reasonable to expect that an opinion from one of these firms on a set of accounts of a multinational company, wherever based, would never certify compliance with the law without also stating whether the information itself is capable of giving a true and fair view of the business?

Bank threat

A WARNING in this column on June 7 about the threat posed to practising accountants, particularly the thousands of smaller firms, by the big banks seems to have set bells ringing in many quarters. The English Institute of Chartered Accountants has had an exceptional number of enquiries asking what it intends to do, the Scottish Institute decided to editorialise in similar vein in its own official journal, *The Accountants' Magazine*, while there have also been letters in the professional Press.

Any illusion small accounting firms may have about being part of one great national profession ought to be shaken a little by the news that one of the City's larger accounting firms prefers to give whatever small tax/financial advisory business that comes its way to the banks. "They help us out too," the senior partner said.

TECHNOLOGY

EDITED BY ALAN CANE

IBM's cash mountain vanished in five years: the money went to secure the future

IBM's factory gamble set to pay off

BY ALAN CANE

IBM'S MASSIVE investment in new plant and facilities over the past five years designed to cut drastically its manufacturing costs is now ready to pay off.

The company, the biggest manufacturer of data processing and office equipment in the world, has spent prodigiously since 1977 to pay for research and development into more effective ways of building computers and installing automated manufacturing equipment in its factories.

In 1977, its long term debt amounted to only U.S.$256m; by 1981, the figures had risen over tenfold to U.S.$2,669m. In 1977, working capital was reported as U.S.$4,864m; last year it was U.S.$2,983m.

The results of that sustained and prodigious investment can now be seen in IBM's major development laboratories and manufacturing plants — at Poughkeepsie and East Fishkill in the U.S. and Corbeil-Essonnes and Sindelfingen in Europe; at Yorktown Heights, New York and Zurich, Switzerland, and at Yasu in Japan, Havant in the UK and Endicott in the U.S., to take only a few examples.

Little of what IBM now has to offer is unique. Other computer manufacturers have built silicon chips of greater complexity and power than IBM's; other manufacturers have automated parts of their assembly.

But the combination of IBM's dominant market position, its marketing muscle and its new production potential should make it potentially unassailable, leaving other manufacturers to seek market niches that the giant is content to leave alone.

IBM is notoriously shy of putting figures on its performance, so it is easy to underestimate its new production capacity.

Visits, however, to its chief European microprocessor plant at Corbeil-Essonnes near Paris and to its big machine manufacturing site in Montpellier, France, left little doubt of its intentions.

It is pinning its hopes for the future on a method of mounting and handling very densely packed silicon chips which it calls thermal conduction module (TCM) technology (see this page, April 2, this year).

Much of the total investment has gone into this technology. A senior IBM executive said last week: "If it fails, then IBM will go out of business."

The problem with very densely packed chips is first, making them. In 1978, IBM could squeeze 700 logic circuits ("gates") on a 4.6 mm square sliver of silicon: state of the art in production is now 1,500 gates on a slightly smaller chip.

There is no reason to suppose IBM cannot reach its predicted 1m components on a chip by 1985-87. Other semiconductor manufacturers will be able to do the same.

Next, the finished, tested chip must be mounted on a ceramic plate or substrate. A dense chip might need 15,000 separate connections. IBM embeds this connection circuitry in the substrate itself, building it up out of 27 wafer thin layers of ceramic before firing the substrate rock-hard.

One-hundred and eighteen individual chips can be packed on a single ceramic substrate; IBM runs contra to the rest of the semiconductor industry by mounting its chips "upside-down" with the base outwards.

Chips so mounted are closely packed together which cuts down processing delays due to the time it takes electrons physically to move in the connecting wires. But the package generates heat which must be removed.

The substrate plates are mounted in a metal box; aluminium pistons rest on each chip and conduct heat from the chip to the outside surface of the box cooled by chilled water.

This is a critical point. IBM believes water-cooling is the best bet for reliable operation in computers. Now it has proved its point on the largest of its machines, the 3081, it has extended the principle to the slightly smaller 3083.

There is no reason to suppose that it should not extend the principle further down the range.

It takes only 27 TCMs to package the entire central processing unit of a 3081. A much smaller computer system, say a System/38, could be compressed on to four or fewer TCMs; it would not be difficult to build a small refrigeration unit into one of these smaller machines.

The advantage? Reliability. The 3081s are already showing remarkable resilience. Only 20 per cent of all serious 3081 faults are attributable to the processor: IBM's own figures suggest that on 3081 *systems* (that is, including peripherals, software, and terminals) availability is greater than 99 per cent.

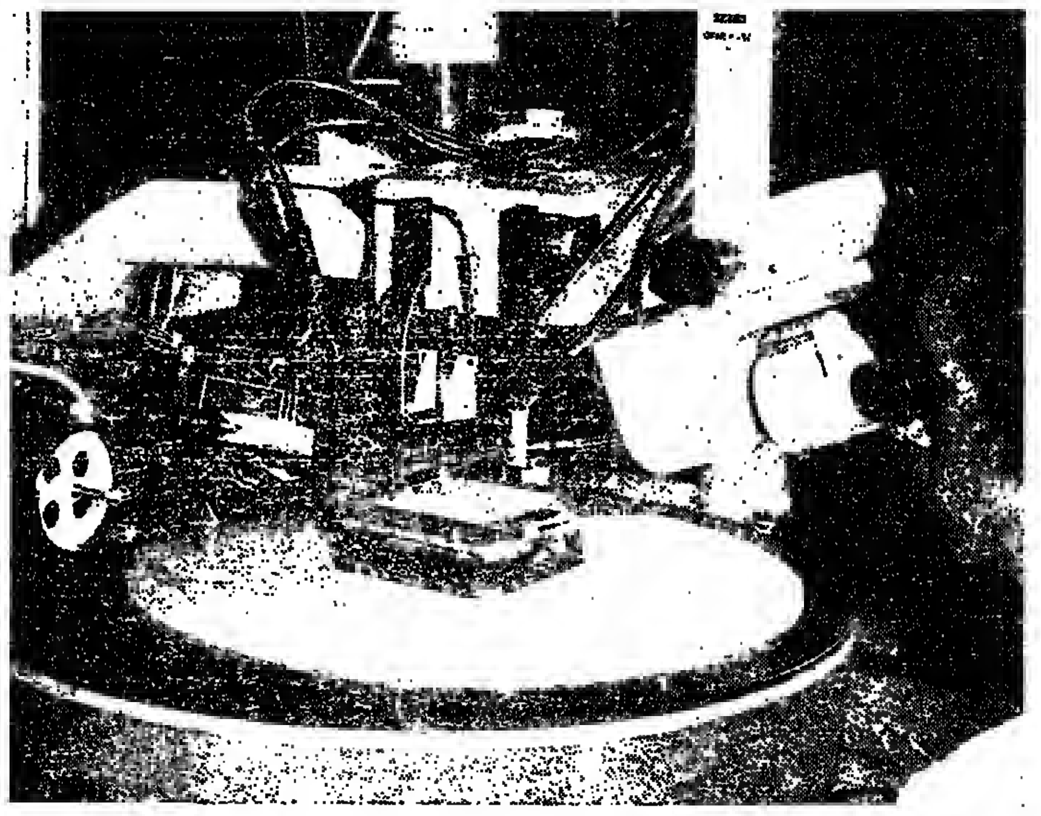
The IBM message is reliability. It has installed significant amounts of automatic test equipment ot check the performance of its chips, of the TCM's and of course the machine themselves.

At Montpellier, where IBM is building about 500 3081s or 3083s a year, 57 machines are continually going through their six week final proving.

Standard maintenance charges run at about £4,000-£5,000 a month for the 3081; there is no regular preventive maintenance. If a component fails, the TCM is simply unbolted and a new module put in its place.

The failed module is shipped back to the factory where its entire production history is stored on tape (100m bytes of information for each substrate, IBM claims).

IBM has always been an expert in the external packaging and marketing and so on—of computer systems. With the TCM it believes it has solved the internal packaging problem as well.



An operator observing an automatic bonding machine at Essonnes; the white rectangular substrate can be seen on the stage, centre

E-beam used for production

IBM is using the most advanced method of chip fabrication for volume production of microprocessors. Approximately one-third of its total production of microprocessors are now finished using the sophisticated technique of electron beam lithography.

IBM has six electron beam machines it built itself operating in two shifts at its Essonnes plant.

In electron beam photolithography, a layer of chemical sensitive to electrons is laid on the chip surface and the beam operated under computer control to write the required pattern on the chip.

IBM says it uses the technique because it gives the flexibility to write different types of microprocessor pattern on the same wafer.

Only the final three "personalising" layers are written on using the electron beam machinery.

IBM says the machines are run continuously to justify the investment: it seems more likely that Essonnes and East Fishkill have difficulty meeting demand. Annual capital investment at Essonnes is thought to be U.S.$100m a year.

Robots in the UK

Pendar bids for pole position

BY ELAINE WILLIAMS

"WE WANT Pendar to become one of the five top robot manufacturers in the world by the end of the decade," says Dr Bernard Capaldi.

This is fighting talk from a man whose company, Pendar Robotics, is only a few weeks old and who faces strong competition from the U.S., Japan and Sweden.

A number of organisations have provided backing to Pendar Robotics. These include Technical Development Capital, the venture capital arm of the Finance for Industry group, the Welsh Development Agency which has provided about £75,000 in funding and BSC Industries which has provided another £50,000.

In addition, the company has been offered a further £150,000 by the Industry Department of the Welsh Office which has not yet been taken up by the company.

Pendar Robotics is a subsidiary of Pendar, which was set up in the mid-1970s as an engineering consultancy by Dr Bernard Capaldi and Mr Mike Novels. In the new manufacturing company they will assume the role of managing director and marketing director respectively.

The factory is based near Ebbw Vale, an area of high unemployment which has suffered from several coal mine closures and a severe contraction in the local steel industry.

A few years ago the Government, via the Welsh Development Agency, began building factory units near the town and offered financial incentives to persuade new ventures to come to the area. Growth has been very slow.

Initially the company will employ only about 15 people but the company has ambitious plans to increase to 10 times that number. A measure of Pendar's confidence is that it has moved into one of the larger complexes on the Rassau Industrial Estate.

Pendar's first product is the Placemate. This is an electronically controlled, pneumatically powered robot which was designed in conjunction with Surrey University.

Its main applications are in either hazardous environments or simply repetitive tasks such as paint spraying, palletising or machine loading.

The Placemate costs about £13,000 which the company claims is about half the price of its nearest U.S. rival. Several machines have already been sold including customers in the U.S., West Germany and the Far East.

Already Pendar has revealed the next robot it intends to manufacture. The Locoman will be launched in two months' time. This machine is intended to help automation at the factory bench and will be capable of more complex tasks than the Placemate.

This robot has been developed with the help of Birmingham University and using an electric stepping motor to control the movement of the robot arm so that it can be used for more delicate assembly tasks.

The company intends to concentrate on the low cost automation products but will aim to provide the complete service to customers including feasibility studies, manufacture of special hardware to fit the application and to train staff.

Calculators

Programmer's aid

THE LATEST calculator from Hewlett Packard, the HP-16C is believed to be the first programmable machine designed for computer programmers and digital design engineers.

The 16-C can handle a wide variety of computer science problems including format conversions, bit extraction and simulation of selected microprocessor instructions.

HP says that to its knowledge, binary mode, particularly helpful to digital designers, has not previously been available in a hand-held calculator. More on 03446 3100.

Research

ICL forms university council

INTERNATIONAL Computers is to spend "several hundred thousand pounds" on a programme of research with universities, research institutes, and individual research workers.

Collaboration will be on the bases of direct consultancy, financed seminars within ICL to educate ICL people, and actual support for university projects. The company is still in negotiation with four or five universities and no names are being revealed for the time being.

To deal with the project, ICL has set up a university research council of which the chairman is Mr P. D. Hall, consultant and former director of ICL. He is president of the British Computer Society.

A broad range of topics will be considered for funding including novel architecture and languages, specification and design methodology, expert systems, man machine interfaces and distributed processing/networks.

Gases

Toxiguard protector

A SMALL unit from the Oxford firm Crowcon Instruments can be clipped into overall or suit pocket top and will tell the user when the level of carbon monoxide has exceeded a dangerous level.

Designated "Toxigard," the instrument is approved by BASEEFA and at a price of £190 will compete well with imported industrial instruments which are often bigger, more complicated and as much as three times the price according to Crowcon. The unit's ticking at one second intervals rises to a tone in the presence of gas. More on 0865 776707.

THE ARTS

Wood's Symphony/Albert Hall

David Murray

Friday's Prom, with Gennadi Rozhdestvensky conducting the BBC Symphony, was a deliberate affair: it needed the lively, uncomplicated Dvorak Slavonic Dances which concluded it. It began with Mozart's sleepy Notturno for four orchestras, K286, in which the three extra bands merely exhale diminishing echoes of the conventional tunes: charming as an accompaniment to al fresco chat, somewhat protracted as a concert piece. Then Ida Haendel gave a notably beautiful reading of the Brahms violin concerto, her loving attention to detail accommodated by ambling tempi, very *ma non troppo* indeed. With Hugh Wood's new symphony, however, the label "deliberate" must shoulder its further connotations: wilful, self-conscious, elaborately contrived.

Calculations can fail: the Symphony took nearly 10 minutes more than the composer's predicted time of 35 minutes, including a single pause between the middle two of its four movements. One cannot decently pretend to judge a work on this scale after a first hearing, but some description will be in order. The orchestra required is large, even overbearing, and furiously used; yet the multifarious effects have one and all a familiar ring. The greatest violence comes in the opening *Tempesta*, in which the storm clouds part briefly to disclose the fey strains of Wagner's Volsung pair. An *Elegia* expands the passionate string-writing of Wood's quartets, and after several premonitions cites the flute-march of Tamino's trials in *Zauberflöte*. The snapping tensions of the succeeding Scherzo recall Walton (at some distance), and finally there is a long, extraordinarily disjunct Passacaglia.

What is problematic about the Passacaglia marks the rest of the Symphony too. The tone is urgently theatrical, anxious to persuade—purely musical development is not the order of the day. There is a hectoring sincerity about passage after passage, most telling (if hardly new) in the *Elegia*. On the other hand, the motivic workings-out are intricate and thorough, and would licence many pages of abstract analysis. Nonetheless the dramatic course of the work (even when traced by Rozhdestvensky with fervent enthusiasm) remained quite obscure, most of all in the Passacaglia: just how, after its reeling variety of expressionist moods, do we arrive at that final A major blaze? Plainly Wood's Symphony is a grand "synthesis," in the sense of welding-together many elements and gestures of the post-Romantic tradition; what remains to be heard is whether it carries a cogent sense of its own.

Hamilton's Symphony/Albert Hall

Andrew Clements

Saturday's Prom brought yet another new symphony, Iain Hamilton's third, in the concert given by the Scottish Chamber Orchestra conducted by Roderick Brydon. Hamilton wrote his first two symphonies over 30 years ago, and his return to the medium now—a fourth symphony, commissioned by the Scottish National Orchestra, is already complete and will be given its first performance under Alexander Gibson early next year—coincides with his return to Britain after living for 20 years in the U.S.

But the third symphony was completed in late 1980, before Hamilton left America. Its relatively slender proportions, scored for an orchestra of strings, double woodwind and horns only—suggests perhaps a slightly tentative exploration of the rediscovered form. Yet the mood of the music belies this. The score bears the sub-title "Spring," and it is vernal lyricism that informs each of the four movements; a classical plan which places the scherzo second (complete with unashamed waltz in place of a trio) and in which even the momentary effervescence of the finale yields to longer, more generous cantabile lines.

If this consistent mood provides the symphony with its unifying force, it also bold its weakness. Long before the finale one longed for the composer to show his teeth; surely contemplation cannot be so unsullied, or honest tonality confine itself so completely to the gentlest dissonant clashes? Hamilton's symphony must be pleasurable to play—the SCO gave a relaxed reading that over Radio 3 seemed commendably transparent—but this listener's interest began to wander far too soon.

Hamilton's optimism was placed well within a SCO programme that contained much that was of sunny disposition. The star attraction was Teresa Berganza, making her first appearance at the Proms. In two Mozart arias, *Conservati Fedele* K23, and *Al desio di chi t'adora* K577, Miss Berganza seemed a shade inflexible, but in Falla's *Seven Popular Spanish Songs* (in Halffter's orchestrations) the response was much more spontaneous, shaded and incomparably coloured.

Arts news in brief

Under its scheme to assist creative talent in Dance the Arts Council has approved, among others, dance awards to two choreographers, two composers and a designer. A number of these awards are made throughout the year.

Jacky Lansley has been offered an award of £1,000 for the choreography of a new full-length work commissioned by the company I. Giselle. A first award of £300 has been given to Darshan Buller, for the choreography of a work commissioned by London Youth Dance Theatre. David Buckland receives £525 for the design of a dance work choreographed by Siobhan Davies for the Second Stride company. Barrington Pheloung receives £400 for the composition of a score commissioned by the London Youth Dance Theatre.

£350 has been given to Michael Finnissy for the composition of a score commissioned by the Second Stride company.

*

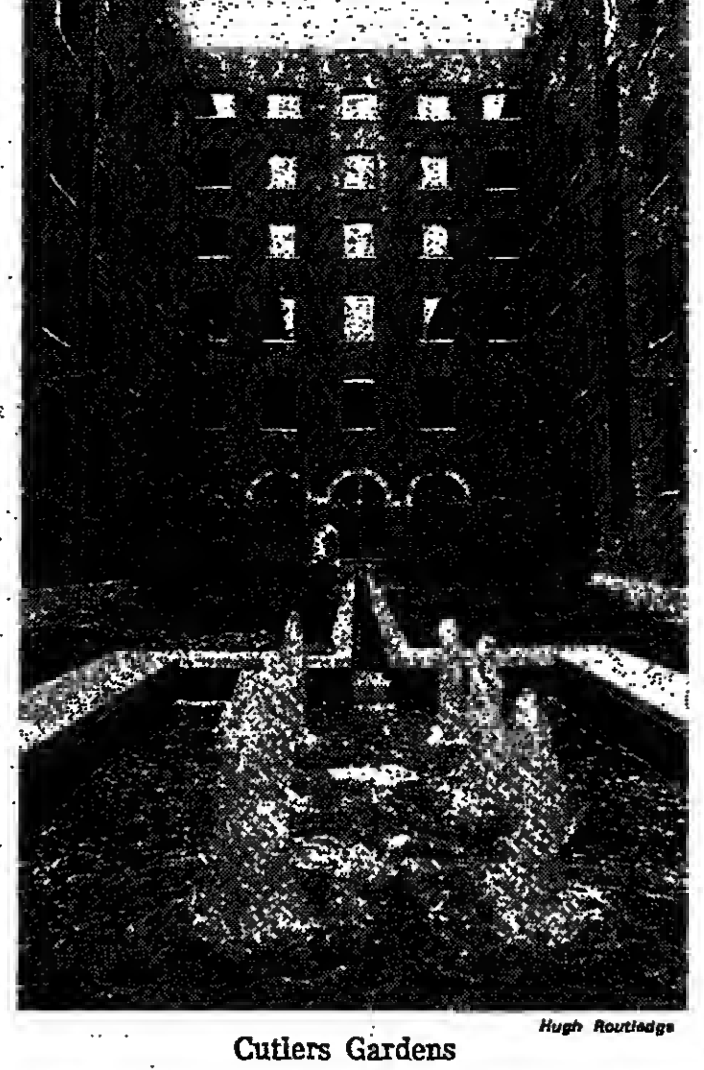
Stephen Jefferies has been chosen to replace Wayne Sleep as the lead male dancer in Andrew Lloyd Webber's *Song and Dance* at the Palace Theatre, Shaftesbury Avenue, for a six-month period from September 27, the date of the termination of Wayne Sleep's contract in the role.

So that Stephen Jefferies can take advantage of this opportunity the Royal Opera House has agreed to release him from his scheduled performances during October and November at Covent Garden.

Architecture

Colin Amery

City renaissance


Hugh Routledge

Cutlers Gardens

It was the riches of the orient that built the great range of brick warehouses to the east of Bishopsgate in the late 18th century. The East India Company started to build south of New Street as early as 1769 when the Old Bengal Warehouse was erected under the supervision of the company carpenter—a Mr Wyatt, and more importantly, designed by Richard Jupp.

For over 30 years Jupp was surveyor to the East India Company, and his career is an interesting one as an 18th century "official architect." He began as architect to Guy's Hospital, remodelling the principal façade in the 1770's. He designed Pain's Hill House in Surrey although his portico was later removed, and he was in demand to alter or build for servants of the East India Company houses in the country when they retired to England.

There was a rather undignified struggle between Jupp and Soane over the question of who was to design the East India Company House in Leadenhall Street. After much disagreeable debate, when Soane described Jupp as "a knave talking like an honest man" the job did go to the company's surveyor who was in time succeed by Henry Holland.

It was during his 31 years as surveyor with the East India Company that he designed and built the warehouses that lie between Houndsditch and Middlesex Street—his task being completed by Holland, who continued building for the company from 1799 to 1820.

These great warehouses embodied much of the history of the architectural and commercial world of 18th century London. By any standards they were massive and austerely beautiful buildings. The East India Company sold them in the 1830s to the St Katherine Dock Company and they were taken over by the Port of London Authority in 1956.

As is so often the case with dockland and warehouse buildings their true architectural worth was not appreciated until it was learned that demolition was imminent. There was an enormous outcry in 1978 when conservationists realised that the great hulks were to disappear but it was impossible to retain five acres of listed warehouses in the City with no commercially viable use for them.

What you see today at Cutlers Gardens is a redevelopment of an historic site by Greycoat Estates and the Standard Life Assurance Company that is an intelligent and successful attempt at rejuvenation. No one can pretend it is purely a conservation exercise. In my view it goes beyond that and achieves in architectural terms a total development that offers two benefits.

First of all at ground level, the retention of some of the older buildings has imposed a discipline of scale and plan that is human and agreeable. Second, the retention of the historic buildings has imposed a set of rules on the new ones that gives them a dignity and restraint that in many ways makes them worthy successors to the functional tradition of the warehouses.

The architects for the scheme are Richard Seifert and Partners and it is one of the best things they have done.

At the main entrance to the scheme two pairs of late 18th century houses have been restored as flats and residential accommodation—although a lot of care has been taken the interiors lack something in the way of atmosphere.

The houses flank some new and handsome gates designed by Quinlan Terry with rather amazing vermiculated and rusticated Portland stone piers. Facing inwards from these gates is the essence of the scheme. Two warehouse façades (now offices) face each other across a court and at the top end a new building faced in warm Brazilian granite harmonises successfully. It is at the level of detail that this scheme is so heartening—granite setts, paving, arcaded ground floors and everywhere a restrained use of a few selected colours.

Landscaping throughout the scheme is by Russell Page and he has been particularly successful in the long and narrow inner precinct where a series of small gardens will look good from the office windows and from the ground. It is amazing but true that you can sit in one of these delightful gardens and hear nothing but the sound of splashing water. Restraint has also been exercised in the entrance areas to the office buildings where Colefax and Fowler are the designers.

As part of the planning gain of the whole scheme the developers were required to leave one complete warehouse building intact and restore it for museum purposes. The Old Bengal building is to be restored and it is a splendid one with Piranesian stone staircases and massive timber and iron construction.

Greycoat Estates are at present waiting to hear the verdict on their proposals for Coin Street on the South Bank which have been designed by architect Richard Rogers. Their achievement at Cutlers Gardens is of a different order because they have achieved new and old architectural spaces of the highest quality. As developers they frequently say that good architecture pays—Cutlers Gardens is a hopeful sign.

It is hopeful for two reasons. It shows that a concerned client can produce good commercial architecture and it also shows that careful briefing pays. At the moment the new wave of architectural competitions does not seem to be producing the results that were hoped for—largely I think because the briefing does not enter sufficiently into aesthetic considerations.

Greycoat Estates are definitely interested in improving architectural standards and are willing to learn from the past and from successful developers overseas. Take a walk at lunchtime through Cutlers Gardens and Devonshire Square—the City has gained an agreeable new quarter that has been carefully redeveloped.

Tosca/Coliseum

Rodney Milnes

ENO opens its season

The English National Opera opened its 1982-83 season last Saturday with a perfectly sound revival of Puccini's respendent, large-scale dramatic masterpiece which, I admit, trips less happily off the tongue than Joseph Kerman's infamous "shabby little shocker" but is no less inaccurate an encapsulation. The piece was extremely well conducted by James Lockhart, the pacing easy and natural, the textures lithe and sensuous.

It seemed odd, though, that after a pleasantly swoony first act and a tense second, Mr Lockhart should have adopted so jaunty a tempo for the firing squad's march which, together with a puny discharge from only one of four rifles, brought the evening to a less than shattering climax. But the conductor's careful control of dynamic level and a cast that projected Edmund Tracey's translation with consistent clarity meant that the audience could follow the twists and turns of the plot with ease.

The cast was experienced in this production. Linda Esther Gray, lighter by 3 stone since we last saw her in London, should perhaps be rewarded by a more becoming first-act costume; the present one is designed to flatter homely figures, quite unnecessarily in her case. She was in powerful voice. Her bright tone and the pin-point accuracy of the surely voiced high Cs and Bs, both reminiscent of her mentor Dame Eva Turner, are undeniably thrilling; so are the tigress stance and the glimpse of bared teeth in moments of jealousy. All that is needed to give Miss Gray's Tosca greater depth is variety of tone colour to balance the brightness (and to match her supple phrasing) and a certain sense of erotic abandonment.

There are similar problems with Neil Howlett's Scarpia; he phrases with much (too much?) musicianship, but it is hard to believe that this is the man before who all Rome trembled or that he has rape in mind. Like so many Anglo-Saxon Scarpias, he seems incapable of projecting anything other than a fundamentally decent chap.

Kenneth Collins, also in fine voice (the danger of any of these principals singing so much as a semiquaver slightly out of tune simply doesn't arise), repeated his efficient portrayal of Cavaradossi, one that does not attempt to probe the character with any depth. The supporting cast is good, right down to Drostan Wye's Shepherd Boy who cheerfully disproves his first line—"No one can hear me"—since we all ran.

The production, basically dating from 1976, was *neueinstudiert* last year by Stefan Janski and is, again, perfectly sound. It was rather more than that originally, with an effort at least to examine the undercurrent of guilt and atonement, of cause and effect, swirling beneath the surface action. This is needed, surely, if Professor Kerman's thoughtless put-down is to be countered. Soundness, though admirable, is not enough.

Murder, Dear Watson/Sonning

B. A. Young

The Mill at Sonning, like its counterpart The Watermill at Newbury on the other side of Berkshire, is a watermill converted to a theatre with an adjacent dining-room. At Sonning, play and dinner come on the same ticket, and the 200 seats in the theatre are equalled by the 200 seats in the dining-room. This would look nicer if it weren't laid out in quite such barrack-like straight lines, but at any rate it provides a brisk service and pleasant food.

However, the play's the thing. Sonning opens with Murder, Dear Watson, a Sherlock Holmes fantasy by John Kane. I thought it pretty funny and, in the now unfashionable style of the comedy-thriller, pretty exciting too. It fills in some of the unrecorded history of the days between Holmes's apparent death at the Reichendbach Falls and his resurrection to continue detecting until his genuinely last case, the one about the German spy in 1914.

The events are far more fantastic than other previous inventions on the same theme, though it will spoil everything if I revealed more than a little. I don't think it will matter if I say that although Holmes is not in the dramatis personae, though a bearded bookseller called Mohles is, we do see him in the flesh. He is delightfully acted by Shaughan Seymour, looking 10 years too young, usually in some impenetrable disguise or other, though he always throws it off as soon as Dr Watson (David Henry, also on the youthful side) shows his customary bafflement.

Professor Moriarty is allowed to rest peacefully in his watery grave, though we meet some of his relations, also with Colonel Sebastian Moran, his chief of staff.

It is bound to seem funnier if you are well up in your Holmes studies, but even without that advantage there are a lot of good stage tricks in a fast-moving story. Besides Holmes and Watson, we have Richard Kane as Inspector Lestrade—no promotion for him—and nice performances by Andrew Hilton, Yolande Palfrey and Helen Lindsay, who are never always who they say they are.

John Moffatt has achieved a brisk production on the tiny semi-circular stage, which has seats all round its circumference and a faithful representation on the up stage wall of the sitting-room at 221b Baker St, designed by Saul Radomsky. Play and dinner both seemed to me well worth the trip—and that reminds me, there's a car-park with room for 70 cars.

The Lesson and The Chairs/New Inn Theatre, Ealing

Rosalind Carne

A celebrated choreographer makes his debut as a stage director with two Ionesco plays. Why Ionesco? Relentlessly popular in university drama departments, we hear progressively less in British mainstream theatre of this pioneer of the Absurd. Like Samuel Beckett, he imposes intriguing interpretative dilemmas for the director, but Kenneth MacMillan is guarded about his choice, simply stating in a recent interview that he liked the plays "very, very much." Perhaps this is because, like dance, both deal directly with human archetypes.

The lesson of *The Lesson* is that *how* and *why we speak* says more than what we say. It is a brilliant microcosm of power relations, theatrically less ambitious than *The Chairs*, but much easier to effect, in that it depends on a mounting conflict between two characters. Certainly, it provides the most successful half of this somewhat fragmented double bill.

Peter Baldwin is the Professor, tentative, stammering at first, building up to a fine pitch of frenzy against his innocent pupil. I liked the attention to detail in his performance and (hare we notice the choreographer) the sinister deliberation of his hand movements. Harriet Thorpe is ideal as his accomplice in crime, the seldom-seen but horribly portentous Maid. Mary Miller is less convincing as tha pupil. Sha finds it difficult to shed her years and there is a degree of exaggeration in her characterisation which quickly becomes irksome.

This is yet more apparent in the second piece in which she plays a 94-year-old woman. She evinces considerable energy, but her force is dissipated too widely and furiously. With less obvious means, Mr Baldwin creates far greater pathos as her self-deluding husband. A major problem in production is that the dramatic tension takes place not between these individuals, but between the couple and the host of imaginary characters who join them, sitting on the score of chairs they drag into the tiny acting space.

There are amusing moments, but no sense of an artistic whole. Ionesco may be writing about disintegration, but be does so by means of integration and when the mood is lost, the audience is left with a handful of fragments. To be fair I should add that booming rock music from the pub downstairs makes a grand job nf destroying what the actors try hard to create.

Riverside Studios to stay open

Riverside Studios will remain open this week, despite the fact that there is no money to pay the staff. The board of the arts centre decided on Friday not to close it down, but to carry on in the hope that Hammersmith Council will come up with a financial policy to ensure its future.

The Macunaima Theatre Company from Brazil, which is due to open a season on Thursday, has been told that it is welcome to come bnt that Riverside cannot guarantee to pay it.

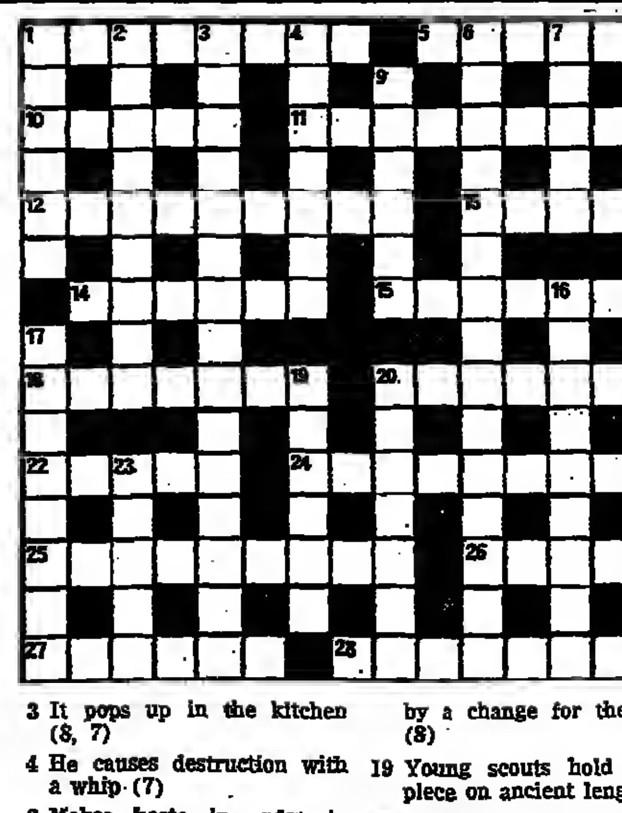
The Studios have been helped in the last few days by a £10,000 grant nf bis British revenues by the Italian playwright, Dario Fo.

A few months ago, the prospects for Riverside looked bright. A redevelopment plan would have ensured a well-financed arts centre within a major commercial complex on an important Thameside site. Unfortunately, Hammersmith Council has refused to give the planning go-ahead and has restricted Riverside to a monthly loan, rather than the annual grant, which was the basis of its funding.

The Riverside board hopes that the seriousness of the current crisis will force Hammersmith to speed up a decision about its future.

A. T.

F.T. CROSSWORD PUZZLE NO. 4,932



ACROSS

1 Grow like a batsman who *has not been run out* (8)
5 Unlawful act by a Russian peninsula (6)
10 Engineers hurried in to find the bird (5)
11 Steep climb for member of a quartet (3, 2, 4)
12 Drunk decorator maybe did this (9)
13 Father, he's unorthodox but not experienced (5)
14 The way to go on a bicycle or take a long step (6)
15 No aspiration for factory dance in Nottinghamshire (7)
18 Boy holds deserter who is wandering (7)
20 The land to part in north east England? (6)
22 One run over (5)
24 Unwelcome surprise that contains explosive (9)
25 But this sport has more than one observer (9)
26 Furious, that is about the sailor coming back (5)
27 Reflected light from Ulster (6)
28 Pets like assorted teacakes (8)

DOWN

1 Including record time to take in food (6)
2 Letter card (9)
3 It pops up in the kitchen (8, 7)
4 He causes destruction with a whip (7)
6 Makes haste in order to survive (4, 3, 4, 4)
7 Low sounds note from deer (5)
8 From Paris his light fliers (8)
9 Mowed a variety of grassland (6)
16 The boy to get on in Hertfordshire (9)
17 Palindromes are unaffected by a change for the worse (8)
19 Young scouts hold topless piece on ancient lengths (6)
20 Japanese warrior finds it strange to come up in parts of Asia (7)
21 They carry on a trade and are situated in pairs (6)
23 Lock in the fortresses (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

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Monday July 26 1982

A warning from Luxembourg

ONE ELEMENT of the melodramatic Banco Ambrosiano affair, the default of that bank's Luxembourg subsidiary, has touched an already sensitive international banking system on a neuralgic point. The default has prompted loud calls for changes in the way the international banking business is regulated and underpinned and this indignation is becoming disproportionate to the event which gave rise to it.

Banco Ambrosiano used its subsidiary, Banco Ambrosiano Holding, to raise some of the funds which it lent to mysterious companies owned by the Vatican bank. When the subsidiary failed to pay interest one of the banking consortia lending to it, led by the Midland Bank, declared default with the result that all bank loans to the subsidiary went into default as well. So far there has been no sign that either the Bank of Italy or the "lifeboat" of Italian banks which are supporting Banco Ambrosiano in Milan are ready to honour the obligations of the Luxembourg subsidiary.

The scale of default is too small either to pose much of a threat to the Euromarket or to justify claims that the banking supervisory system should have somehow thrown up a lender of last resort to whom lending banks could now turn. Some $400m of debt is divided between 250 banks, with the individual exposures small.

Soothed

The Basle declaration by central banks in 1974, with which they soothed the banking market in the wake of the Herstatt affair, provided an undertaking to counter a liquidity crisis in the system as a whole. It did not rule out individual bank failures. Indeed there is a case for saying that the occasional bank failure must be allowed to occur, provided it is containable, to sustain perceptions of risk and reward in the banking business.

The 1975 Basle concordat on bank supervision does not provide for a bail-out either, as some have claimed. It lays down a division of responsibilities designed to prevent any element of an international bank escaping supervision. It does not establish a system of guarantors. While the concordat does mention the "moral responsibility" of a bank for its subsidiaries, the value of this to creditors is no greater than the morality of the parent bank in question.

Principle

The basic conclusion to be drawn from the Ambrosiano Luxembourg affair is "lender beware." The Luxembourg subsidiary was not a bank. Nor was it wholly owned by Banco Ambrosiano. Italian bank supervisors have been notably slow to adopt the concordat's principle of supervision on a consolidated basis—whereby all a bank's worldwide elements are viewed as a whole. Italian banks do not prepare consolidated accounts, nor do their managements think in consolidated terms. All of these factors might have suggested that a loan to such a subsidiary needed to be backed by an explicit guarantee from the parent.

None of this leaves Italian bankers or the Italian central bank with much cause for complacency. The authorities plainly have their work cut out to make the business of the bank under their supervision more transparent. Banco Ambrosiano has exploited, and ultimately degraded, a principle upon which an enormous quantity of interbank funding is based. This is the idea of lending to a "name"—the notion that to lend funds to a convenient offshoot of a bank, bearing that bank's name, is tantamount to lending to the parent itself.

This is a convenience which Italian banks and the Bank of Italy should not abandon lightly. For the moment some reticence on their part is understandable. They want to be certain of the limits of the Luxembourg offshoot's liability. They want to preserve pressure on the Vatican bank to pay back the money which its subsidiaries have borrowed from Banco Ambrosiano. But failing such a satisfactory outcome, they would do themselves and the somewhat battered trust of the international banking market a service by honouring the debt of Banco Ambrosiano's subsidiaries.

Privatisation is not enough

AT THE RISK of some mild exaggeration it is convenient to divide Britain's nationalised industries into two main groups: those that make excessive profits and those that make excessive losses. The start of the nationalised industry reporting season serves to remind us that the position has not changed overmuch, in that respect, since the present government came to office in May 1979. To what extent is the Government itself to blame?

Objectives

The record in relation to the profitable state corporations is certainly less than admirable. There has traditionally been argument about the precise long-term objectives of individual industries. But for much of the past three years there has been no doubt at all about the implicit short-term aim of the Government's policy, which has been to extract every possible penny from them to help reduce the public sector borrowing requirement.

Whereas in the private sector tight financial discipline has had a markedly beneficial effect on productivity, the effect in the public sector has often been otherwise. Under the system of external financing limits it makes no difference whether a state monopoly cuts costs or raises prices. The result is that bodies like the Post Office, British Telecom or British Gas are tempted to pass on inflationary wage settlements in higher prices.

At the loss-making end of the spectrum cash limits have unquestionably been a useful discipline. Against tight financial background the managements of British Steel and BL have won solid, if painful, achievements; and British Rail's sinews were more than a little stiffened in the recent battle with Aslef. But in competitive, recession-prone markets where the consumer will not finance the cost of new investment, there remains a temptation to cut investment in preference to jobs.

The chief plank of the Government's policy towards the nationalised industries is privatisation. This is entirely appropriate for the National Freight Corporation or Amersham International, but it is far from a complete answer to questions of productivity. British Steel, British Shipbuilders and perhaps BL operate in structurally depressed areas where markets are being lost irrevocably to Japan and the newly industrialising countries; the Government's stake in them may never be sold to the public. Decisions about how far these sectors should be wound down cannot be taken by managers alone. There is little sign that the Government has a realistic longer-term view.

Where the more profitable State-owned businesses are concerned there are undeniable advantages in returning ownership to the private sector. The removal of the PSBR constraint and the de-politicisation of decision-making are helpful, although privatisation is a curiously roundabout way of achieving these ends. But this is not the real key to greater efficiency. The capital markets do not wield the kind of stick that would turn comfortably managed utilities into hyper-efficient organisations. The stimulus will have to come from elsewhere.

Some answers are now beginning to emerge. An element of competition is being introduced into telecommunications by the Mercury private trunk network. Electricity is to be opened up to modest competition. Seven nationalised industries have recently been singled out for efficiency audits.

Half measures

This is all to the good. Yet there is a risk that public sector monopolies will fall between two stools. We may have the same monopolies, with the state as a sleeping 49 per cent partner, subject only to trifling competitive pressure at the periphery and too little regulation at the centre. With the non-privatised businesses the failure of the Central Policy Review Staff to produce proposals capable of commanding wide official support means that we are left with what looks suspiciously like half measures: changes in boardroom structure, more Whitehall second-guessing by business experts, attempts (again) to define longer-term aims.

The two most intractable problems are: first, how to regulate monopolies and to instil in them the right incentives for cost reduction; and, second, how to deal with declining industries where a market solution is ruled out for social or political reasons.

THE REAGAN ADMINISTRATION

The California connection

By Reginald Dale, U.S. Editor, in Washington

THE confirmation of Mr George Shultz as the new U.S. State Secretary means that the so-called "California connection" has tightened its grip on Washington. The closely knit group of people who take most of the really important policy decisions is now almost exclusively composed of Californians or old friends and colleagues of President Ronald Reagan, or, in most cases, both.

Mr Shultz, like Mr Reagan himself (who was born in Illinois) is a Californian by adoption. Some Washingtonians believe that, like Catholic converts, this makes them even more "Californian" than the home-grown variety.

The flavour of the West is everywhere in today's White House. The former California Governor has installed a set of miniature metal cowboy-saddle sculptures in the Oval office and the pictures in the corridors are of deserts and mountains. He has introduced stables and a riding trail to the Presidential Camp David retreat in the Maryland mountains.

But where Mr Reagan really prefers to be is at his mountain-top California ranch above Santa Barbara, to which he returns as frequently as appearances will allow.

All the President's men (from left): Mr James Baker, Chief of Staff; Mr Michael Deaver, Deputy Chief of Staff; Mr Edwin Meese, Presidential Counsellor; President Reagan; Mr Caspar Weinberger, U.S. Defence Secretary; Mr William Clarke, National Security Adviser; Mr George Shultz, U.S. State Secretary

President Jimmy Carter's Georgia mafia never acquired such extensive control over the levers of power as Mr Reagan's California connection—and the Georgia mafia infiltrated predominantly the White House, not the whole Cabinet as well. The inescapable conclusion is that Mr Reagan finds it difficult to work with anyone who is not an old friend.

Mr Schultz gained his California connection during eight years working for the giant San Francisco-based Bechtel multinational engineering and construction corporation, the largest U.S. construction company, which has worked in more than 100 countries and has, in its own words, a reputation for "mega-projects."

The Bechtel background raised a few eyebrows in Washington, because the company also spawned Mr Caspar Weinberger, the Defence Secretary. The two most powerful figures in the Reagan Cabinet are former business partners—adding to the Cabinet's boardroom, rather than political, atmosphere. The company is also widely regarded as pro-Arab. In any event, Mr Shultz will be a member of the inner circle in a way in which his "loner" predecessor, Mr Alexander Haig, never was.

(Another figure with Bechtel connections is Mr Philip Habib, the U.S. special peace negotiator in the Middle East. It emerged yesterday that he is a paid consultant for the company.)

It had been assumed that Mr Schultz and Mr Weinberger's experience of working together would help to smooth over the traditional rivalry between the State and Defence Departments. But that is not a foregone conclusion, given the difficulty of keeping friction between two such powerful institutions under control.

In any case, the key to power in Washington, particularly under Mr Reagan, is not necessarily the apparent influence of a Cabinet position on paper. It is access to the President. Despite all his claims to run a genuinely Cabinet-style Administration, Mr Reagan tends to take his decisions before rather than after Cabinet discussions — although he may not announce them until the end of a meeting.

Three key, top White House aides have always played a crucial role in Mr Reagan's decision-making. Mr Edwin Meese, the White House Counsellor, who has Cabinet rank, is the key adviser on policy issues: Mr James Baker, the Chief of Staff, is predominant on political judgments: and Mr Michael Deaver, the Deputy Chief of Staff, is relied on for personal advice, like when and where Mr and Mrs Reagan should travel.

To them has now been added, since January, Mr William Clark, the increasingly influential National Security Adviser, who is officially described as "co-equal." But while the troika regularly briefs Mr Reagan in the mornings after a joint breakfast, Mr Clark comes in separately just afterwards. Together with Mr Weinberger, and now Mr Shultz, these are the most influential men in Washington despite strong performances by Mr Donald Regan, the Treasury Secretary, and Mr Drew Lewis at the Department of Transport.

● Mr George Shultz (61). The conservative Mr Shultz is widely respected in Washington, even by Democratic oponents. He is regarded as, and readily admits to being, a "team player," who will not shrink from giving advice on foreign policy but in the end will accept the President's decision as final.

His previous Washington incarnations—before the Bechtel job — included Secretary of Labour, Budget Director and Secretary of the Treasury. He resigned, untainted by Watergate, in 1974. Dr Henry Kissinger, the former State Secretary, said in his memoirs that the U.S. would be safe in the hands of a man like George Shultz—reciprocating in a two-man mutual admiration society that seems likely to ensure a much greater advisory role for Dr Kissinger

Many people had expected Mr Shultz to become Mr Reagan's first Secretary of State 18 months ago—it has never quite been clear whether he was asked and declined or was never asked. Like his predecessor, Mr Haig, he will be the best friend of Europe in the California-orientated Reagan Cabinet (although that is not necessarily saying very much).

As a result of his Bechtel job, he is thought likely to be more pro-Arab than Mr Haig. He has certainly taken a rather more emphatically pro-Palestinian line, but he has said that he will be "even-handed" in the Middle East.

● Mr Caspar "Cap" Weinberger (64). Charming, persuasive, soft-spoken but hawkish, Mr Weinberger has a long history in California as a member of the State Legislature, State Finance Director, Bechtel Vice-President and State Republican Committee Vice-Chairman and Chairman.

He, too, has a distinguished Washington past as Budget Director and Secretary of Health, Education and Welfare under Presidents Nixon and Ford.

> The flavour of the West is everywhere in today's White House

As Budget Director, he was nicknamed "Cap the Knife," and it was initially thought that he would use the same knife to cut back excessive defence spending. If he has a nickname now, it is "Cap the Suitcase," a description coined by Republican Senator Robert Dole in the light of his penchant for world travelling.

Rather than cut defence spending, he has supported boosting it to an extent that even some Republicans regard as unnecessary. He sincerely believes that the world is in a similar state to the late 1930s —with the Soviet Union playing the role of Nazi Germany.

He is thought by critics to have failed to have got totally on top of his job. But he remains extremely influential, largely through his access to the President.

● Mr William ("Bill") Clark (50). A close Reagan friend and loyalist, who served as Mr Reagan's Chief of Staff in California. Tha then, Governor Reagan appointed him to the California Superior Court in 1979, even though he failed law school "on account of deficient scholarship."

He subsequently rose to the Court of Appeals, and then the State's Supreme Court—before being summoned to Washington to be Deputy Secretary of State, despite spectacular ignorance of foreign affairs. He is still known as "Judge Clark," or just "Tha Judge."

Among many lapses at his Senate confirmation hearings in February 1981, Mr Clark could not identify the Prime Ministers of South Africa or Zimbabwe, and in answer to one such question said — rather engagingly — that he would not have a shot at the answer because it would only be a guess.

Once installed at the State Department, however, Mr Clark won a reputation as a quick learner and began to confound his critics. He is now doing the same at the National Security Council, the authority of which he has revitalised after the lacklustre performance of his disgraced predecessor, Mr Richard Allen. Definitely the most up and coming man in Washington.

● Mr. Edwin ("Ed") Meese (50). Successor to Mr Clark as Governor Reagan's Chief of Staff, and one of Mr Reagan's most trusted advisers, he recently found himself in the embarrassing position of having to deny Press reports that he was losing his influence with the President.

There is little reason to suppose that he has done so — although his frequent absences on speech-making trips have in the past given rise to complaints from other members of the White House staff. He used to be known as "President Meese," although that crack is heard less often these days.

A lawyer by training, and only recently retired as a lieutenant colonel in the Army reserve, Mr Meese has a passion for law and order, and all things military. He is reported to be the proud possessor of a collection of pig statuettes and figurines as a tribute to America's police.

Mr. Meese is one of the Administration's most frequent television performers, sometimes seeming to make policy spontaneously on the air.

● Mr James ("Jim") Baker (52). The official White House Chief of Staff and the only key adviser to lack the California connection, Mr Baker is more associated with Vice-President George Bush than with Mr Reagan.

He served as President Ford's campaign manager in 1976 and did the same for Mr Bush when he was running against Mr Reagan in the 1980 Republican presidential primaries. Sometimes suspected by the Right as being an instrument of the Vice-President's alleged "bush-whacking" attempt to fill the Administration with more liberal Republicans, Mr Baker nevertheless quickly established himself as a key insider in Mr Reagan's election campaign.

Described by friends as "low-key, self-confident and tough," the 6 ft 1 in Mr Baker likes to hunt and fish. At odds with his reserved Ivy League demeanour, it has been pointed out, he also likes to chew tobacco.

● Mr Michael ("Mike") Deaver (44). Technically tha most junior of the troika, as Deputy Chief of Staff, Mr Deaver is possibly the closest personally to the Reagans, with both of whom he has worked for many years. With a political consultancy and public relations background in California, he has close ties with Nancy Reagan and often spends the evenings socially with the First Family.

Mr Deaver went round Europe in advance of the President's June European trip to ensure that the media arrangements would work smoothly. He has said that he will leave the White House at the end of the year — on the grounds that his salary of just over $60,000 a year is not enough to live on in Washington — and return to private business. Not everyone believes him.

Mr Shultz's arrival is important in that it brings into the Cabinet a veteran economist and politician, with great knowledge and understanding of Western Europe. In a cabinet often accused of being too business-orientated and politically naive, he may be part of the California connection, but most people in Washington expect him to rise above some of its implications.

Men & Matters

Welsh chow

Made in Wales . . . made in Wales . . . Chinese quick-frozen meals? That's right. In the steel town of Port Talbot, they are now turning out Imperial chicken with fried rice, chow mein with beef and other popular Chinese dishes.

The venture was started six months ago by retired Malaysian industrialist Thomas Wong with the help of Industrial and Commercial Finance Corporation which arranged a £160,000 loan from the European Coal and Steel Community.

Uncle Wong Food Products already employs 30 — mostly former steelworkers though the chefs are Chinese—and plans to increase its staff to 50 as the company gears up to produce 20,000 Chinese meals a shift.

Wong, who retired four years ago from the Malaysian plastics company he founded, says the venture is a response to the disappointments of eating Chinese food in Europe and the U.S. during regular trips over the past 30 years.

"Generally I found that the food offered at many Chinese restaurants, takeaways and supermarkets left much to be desired," he says.

His aim is to create genuine Chinese dishes—no artificial colouring or flavour — for the housewife and the catering trade. The meals are being made, he says, according to the Chinese principles of yin and yang to ensure the right balance between cooking methods.

Several of Wong's talented five sons and three daughters—all educated in Britain — have been called in to help run the business. The eldest son, who works for the World Bank, is acting as a financial consultant; two others, a dental surgeon and a solicitor, are helping in the management; and his daughter Meeling has given up her job as an organic chemist in New York to co-ordinate the family efforts.

Wong's marketing campaign has scarcely started yet. But the dishes apparently went down well at last month's international frozen food fair in London. And, says Meeling, though the UK market will be given priority, takeaway orders are already coming in from Germany, France and Switzerland.

Rate returns

For years, Wall Street has been awaiting the day when that arch-bear on U.S. interest rates, Dr Henry Kaufman, changes his mind and decides that they are going to move down instead of up. So when word hit the markets last week that "Henry has switched," it was an event akin to the second coming. Bond prices leaped ahead.

The truth, alas, was not so cheerful. The Salomon Brothers prophet had retired with his tablets to his eyrie high above Wall Street to ponder Paul Volcker's testimony on Fed policy earlier in the week. And the word he sent down was that there might be some relief in the short run, especially if the Fed lives up to its promise to be more flexible.

But this would all backfire in the end, Kaufman added, and lead to "renewed unpleasantness for interest rates," a euphemism which swiped across the markets like a wet flannel.

All of which goes to show that the key to success on Wall Street lies in being as well plugged in to Dr K's thinking as Volcker's.

The first inkling that something was afoot came on Thursday morning. Through unnamed sources close to Salomon Brothers, it was learned that Kaufman was preparing to utter.

That was enough to set the markets whirling, specially when a Salomon spokesman would neither confirm nor deny the rumours. In the past, Salomon's have tried to be open about Kaufman's views to avoid accusations of setting up the market.

By Thursday evening, though, a three-page summary of Kaufman's opinions was being whisked to clients and the Press, making it quite clear that he still thinks long-term interest rates are heading back to the sky—and leaving the markets completely flummoxed.

"Gee," complained a trader at one of Salomons' main competitors, "when you read something like that, what are you supposed to do? Buy bonds or sell them?"

Shoot off

After Murray Weidenbaum's surprise resignation as chairman of President Reagan's Council of Economic Advisers, a job noted for its fast-spinning exit doors, Washington wags say the office motto is "Ready, fire, aim."

Labour shortage

Just as well for the Labour Party that Margaret Thatcher seems to be thinking of a General Election in the autumn of next year. Quite apart from lagging well behind in the opinion polls, this autumn (as we astrologers say) looks like being a difficult time for Labour to get any sort of message across to the voters.

There is a real prospect of the party being stripped to just one press and public relations officer —namely Monica Foot, the former wife of journalist and cadet member of the Foot family, Paul.

Max Madden is still head of publicity at the Labour Party's south London headquarters. But he is agonising about whether to stay in the post or flee the fraternal nest to tend Bradford West, the seat he will fight in the next General Election.

Madden used to be in the Commons until he lost Sowerby in 1979. Before that he was well respected as a Press officer at the Gas Council.

Araminta Birdsey (call me Min) used to be Madden's No 2 at the Labour Party. She left earlier this month to do a Press and public relations job for the BBC.

So while Madden is away from the office at present, Monica Foot, nominally third in the hierarchy, is temporarily and solely in charge. A vacancy has been advertised but until Madden's intentions are clear, it is difficult to say what the job will be. Or who will be found to fill it.

No one in the media seems to fancy it. The ad did not bring a single response from anyone in newspapers, radio, television or professional PR, though there was some interest from school-teachers and ex-trade union officials.

The Labour Party conference is in the last week in September. After that there is a real possibility that Monica Foot will be keeping the show on the road single-handed.

It all reminds me of the days when Percy Clark, now retired, used to manage the party's PR virtually alone and would turn up at by-elections as a self-contained unit living and working in a motorised caravan on the kerb outside local party headquarters.

Wisdom tooth

From Kashmir, I hear reports of a guru who firmly refused anaesthetic to have a tooth extracted. He was searching, it is said, for a way to transcend dental medication.

Observer

ROBOTICS: FRANCE AND UK

Two means to the same end

By Terry Dodsworth in Paris

INDUSTRIALIST No 1: "A small company spends months knocking on Government doors before one of them opens. After three months I received—shall I say—a polite response. But we were given no help at all."

Industrialist No. 2: "We have a lot of contact with the Government, and a very good relationship with the Minister. I think there has been a change for the good in the Government attitude to industry."

No one who has listened to recent Government debates over economic policy would guess that the first speaker comes from M Francois Mitterrand's interventionist France and the second from Mrs Margaret Thatcher's ultra-liberal UK.

It would be difficult to find two countries which give more sharply contrasted views of the mechanics of industrial change. Yet for Bornelec, a small 15-man enterprise trying to take root at Cergy, north of Paris, and for GEC Electrical Projects at Rugby, the conventional wisdom has been turned upside down: the former has found that intervention has its limits, and the latter that benign neglect holds only limited sway in the Industry Ministry.

The experience of these two companies illustrates the gap between theory and practice which seems to engulf any Government when it comes close to the nuts and bolts of industry.

There is no doubt that Britain and France diverge in their broad industrial strategy: the UK Government is harder on lame ducks (although the subsidies to British Leyland make French industrialists raise their hands in horror), and highly suspicious of centralised planning. France has turned its face against what it sees as the savage "de-industrialisation" being practiced in the UK, and is increasingly intent on government-supported "national" projects.

Yet when the crunch point is reached, each Government finds it difficult to match its words with action. These limitations are seen particularly in fast-developing, high-technology areas, where a Government would have to be blind to ignore the potential, but where it is never easy to know whether, or how, to intervene.

M Jean-Pierre Chevenement, French Industry Minister (left)—an interventionist policy; Mr Patrick Jenkin (right), Secretary of State for Industry—different ideology, equivalent aid

Take, for example, the two companies quoted above. Both manufacture robots, and both are clearly feeling their way through the hazardous minefield that awaits any infant industry.

On the French side, Bornelec was initially disappointed because the Government is faced with the difficulty of sorting out the right companies to support; in Britain, GEC has received aid because the authorities cannot ignore an industry that may help to create hundreds of jobs and extensive exports in the future.

Robotics provide an interesting test case for industrial policy questions. Now entering a period of explosive 30 per cent annual growth, it is an industry which is revolutionising manufacturing techniques. Any developed country's survival as an industrial force may well depend on its adaptation to this revolution.

The industry is too new for European manufacturers to have lost very much ground as yet to their two inevitable competitors, the U.S. and Japan. However, Europe is undoubtedly behind, and these two countries offer a clear choice on how to catch up.

On the one hand, Governments could rely on the sort of spontaneous combustion that inspires American economic policy and has created Unimation, the world's leading robot manufacturer; on the other, they could try to copy the ruthless Japanese planning and investment methods that have give it a clear lead in world robot installations.

Planners in Europe argue, however, that they face very different situations than those that exist either in the U.S. or Japan. The American market is so big that the process of natural selection can quite quickly throw up a giant capable of rooting itself in the international market. Japan equally benefits from a close-knit marketing system which makes it relatively impervious to competition from outside, and therefore easier for domestic companies to establish themselves.

In Britain and France, with their smaller and more open markets, the problem is to bring companies through the nursery stage so that they can take root internationally. Small entrepreneurial companies can hardly be expected to grow with the same vitality as in the U.S.: thus British policymakers have to some extent watered down their free-market principles. But, at the same time, the choice of robot companies to support poses big difficulties—hence French intervention is not so determinedly dirigiste as might be expected.

The net result of these policy compromises is that the two countries, having started from very different economic viewpoints, have now arrived at extremely similar solutions for the development of their robot industries.

In each case, policies are co-ordinated through senior civil servants in the Industry Ministry using interventionary machinery which is not specific to robotics — in Britain the Product and Process Development Scheme, and in the France the CODIS new technology aids. Spending is neither large nor vastly different — between FFr 50m (£4m) and FFr 100m a year —and is being applied both to create supply and stimulate demand.

Underlining the French Government's aim of pushing robotics to the forefront of its drive for technology-inspired growth, the Industry Ministry has just brought out a report recommending that total state investment in the sector should be stepped up dramatically to FFr 2.4bn over the next three years.

On the supply side, both countries have subsidy schemes for companies investing in innovative products. In France, the Government is working through its so-called "development contracts" system, whereby finance is provided for specific projects with pre-agreed objectives in terms of turnover, exports and so on. Credits normally run up to about 30 per cent of a specific investment.

Britain gives roughly equivalent amounts of aid, after vetting projects for their viability. Unimation, for example, received a £300,000 grant plus a £250,000 National Research and Development Council loan on special pay-back terms, to help establish its sole European plant at Telford in Staffordshire.

On the demand side, each Government is also supporting companies investing in robots. In France, investors can claim grants and have access to special super-subsidised loans (around 14 per cent, or a zero interest rate, at present) as well as a free machine hire scheme for a year.

In the UK, the Government helps robot applications partly through grants (up to £15,000) for appraising their viability, and partly through subsidies of up to 25 per cent for a particular installation. Companies can also benefit from similar loan-now, pay-later schemes to those used in France.

The most striking common characteristic of these schemes is their catch-all nature. The seed corn is being sprinkled widely in the hope that some of it falls on fertile ground. "Our policy is to encourage initiatives rather than particular companies," says the French Industry Ministry. "We believe that robotics is a sector that will develop very quickly, like motor cars in the early 1900s. At the turn of the century it would have been impossible to know that Renault was the company to choose as a sort of champion for the country's motor industry development."

This statement underlines the difficulties of choice which have persuaded France and Britain to adopt broadly based aid policies. But there are two possible alternative responses to this problem.

The first is the UK policy of hitching up to proven overseas technology and hoping that British companies can be dragged along until they build up sufficient steam of their own. The UK authorities have had no qualms in turning to established and successful U.S. or Japanese companies to help develop the robot business in Britain. The investment in Unimation is a case in point. "We feel that we have slipped behind in this country," says an official. "Projects like this help us to build up the supply side without re-inventing the wheel."

The second alternative would be to return to the time-honoured French system of selecting companies and then force-feeding them until they grow to a reasonable size for the world market. This policy of "national champions" is not in favour in robotics because clear technical or company choices are not so easy as in, say, the nuclear industry or aerospace, where it has worked so well. But it is an open question whether French policy will not drift more in this direction following the appointment of M Jean-Pierre Chevenement as Research and Industry Minister.

Young, gifted and energetic, M Chevenement has made it abundantly clear that he intends to use the nationalised industries, the financial resources of the State and any other weapon that comes to hand to build up the strength of industry.

Under his direction at the Research Ministry, planners seem to be groping towards an interventionary system combining French industry's gift for well co-ordinated development with the more flexible response needed in new technology sectors. In electronics, for example, the idea is to sit industrialists down alongside the Government and public research laboratories to define a number of priority areas. The country's effort will then be concentrated on these "national projects."

It is quite conceivable that something of the same kind will emerge in robotics.

ETHYLENE CAPACITY

W. Greenwell, the London-based stockbrokers, whose table on West European ethylene capacities appeared on the page of the FT on July 12, have today corrected the figures given for Belgium. The 525,000 tonnes a year Antwerp ethylene plant owned by Petrochim has not been shut as the table indicated. Petrochim, which is jointly owned by Petrofina and Phillips Petroleum, says it has no plans to shut the plant.

Lombard

Mrs Thatcher's next big test

By Samuel Brittan

MRS THATCHER is generally acknowledged to be one of the most radical—even if "Right-wing radical"—of British Prime Ministers. Her radicalism will soon be put to the test in the key area of personnel selection. I am not referring to any hypothetical Cabinet reshuffle, but something more important: the replacement of a few top officials now reaching retirement. These include a number of Permanent Secretaries, among them that of the Treasury. In addition Mr Gordon Richardson's second term of office as Bank Governor expires in 1983.

A small number of existing Permanent Secretaries have to put up their suggestions for their successors. If past form is anything to go by, they will spare no effort to see that the key posts are filled by safe, non-controversial establishment figures, expert at finding the highest common factor or lowest common denominator. There will be nothing "heavy" or crude in the attempt to influence appointments. The efforts will be based on a deeply held attachment to the importance of civil service continuity. The mandarins will use great subtlety to show that they are not opposing but trying to "help" the Prime Minister. This is not a game in which an outsider can compete, but I will try to list a few favoured ploys.

Ploy Number One. This consists of variations on the theme "It is not in his own best interests." One variant is to ask "Is he available?" It might be hinted that a certain person could not afford to work for a Government salary. Or, if already in government, that he might be needed too much in his present post.

Another version is to ask: "Would he or she really like the job?" The hint would be that the person is happier where he is, or in some appointment other than the one being suggested. These gambits have, however, to be tried at an early stage. The trick is for the feelers to be put out in such a tentative way that the man or woman approached thinks that a bird in the hand (ie, his present post) is worth more than two in the bush.

Ploy Number Two. This is known as "the wrong trade union" and is more straightforward. The aim here is to emphasise certain grade distinctions (akin to craft distinctions in the union movement), which have nothing to be said for them other than bad tradition. An example is the view that a clearing banker, a stockbroker, a Treasury official, a politician, a colonial civil servant, an economist or a college head, is not eligible to become Governor of the Bank, whatever his other qualities. Or it might be said that an economist cannot be given top grade administrative responsibility, but must be confined to brooding over the forecasts.

Ploy Number Three. This is altogether more serious and is a last resort when the others fail. It is to ask "Can he serve equally well a Government of a different political complexion?" It is often factually misguided. Some of the officials who most impressed Mr Denis Healey are the ones who impress a number of present Ministers. But leaving that aside: is a completely neutered official with no convictions, who is equally happy to serve Genghis Khan or Fidel Castro, the ideal top adviser to politicians?

Is not the search for such people characteristic of so much that is wrong with Britain? Are not Ministers entitled to Permanent Secretaries who will go along actively with their policies, put forward their own suggestions and not merely show a passive and disgruntled loyalty?

Indeed an official who is known to be supportive is far better placed to warn and caution a Minister (eg, that monetary policy is unintentionally too tight) than one who is suspected of being a secret sympathiser with the 364 economists who wrote that famous dissenting letter.

The question is often put: "What will X do if there is a change of Government?" The brutal answer is that anyone being considered for the handful of top posts in question can look after himself. But there are, of course, many non-sensitive but highly senior jobs, such as the headship of the revenue departments, where a key official who did not feel at home with a new government can go. Britain is almost the only country where constitutional government is supposed to depend on the inability of Ministers to choose their own top advisers.

Letters to the Editor

Why Nissan should say 'yes' to Britain

From Mr James Bourlet,

Sir,—Your editorial "Nissan should says yes" (to investing in Britain) (July 21) really is a mixture of nonsense and blackmail even if it is for a good cause.

To say that such investment would "break down the social and cultural barriers between Japan and the West" is to convince only the prejudiced. Economic barriers there certainly are in the form of tariffs and mischievous quantity limiting "agreements" on trade. (In another context, the Berlin wall provides an example of a political and social barrier.) But what social and cultural barriers exist against Japan other than small ones of our own making?

For example, students from Japan in this country have to pay much higher fees than students from (say) Germany or Italy and the Home Office no longer gives visas for Japanese girls to be "au-pair" girls here. There is no justification and much damage in these sorts of barriers but Nissan's investment is not a bargain to change petty officialdom.

Of course, there is social and cultural ignorance between Japan and the West but it should be said that the average Japanese is far better informed of us than we are of them.

To argue that Nissan should make the investment because of protectionist clamour from European motor trade interests is surely even less acceptable. The present limitation on Japanese car imports benefits only the French, Italian and German suppliers who greedily expect to take over a lucrative British car market as UK production declines.

For Britain, the better development would be an increase in the sales of North Sea oil to Japan and an unrestricted entry of Japanese cars competing on equal terms with other car imports.

Nissan may well have certain managerial advantages as demonstrated so effectively by companies like Sony which could make for an effective and profitable car making operation here. They have much enthusiasm, capital, knowledge and the advantage of making a "fresh start." They must know that Britain is now in a much more self-confident state than during the 1970s and can anticipate an extended period of stability and prosperity.

They must also know that in all probability tariff barriers of the order of 10 per cent may well be imposed on British products to the EEC when exasperation with the CAP inevitably leads to a realignment of our arrangements with continental Europe.

They must know that a British base, secure in energy sources will link well into their world wide trading activities. British car buyers will welcome Nissan's investment provided that the cars are as good a bargain as any import.

These surely, are the true reasons why Nissan should say "Yes."

Mr James Bourlet,
26, West Square,
London, S.E.11.

Positive approach to EEC budget

From Mrs Gay Scott

Sir,—Nicholas Colchester suggests a refreshingly positive approach to the problem of imbalance in Britain's net contribution to the European Community budget (Lombard, July 16). It is clear that Britain could gain much more out of her membership of the Community by using this kind of approach—both in terms of funding and in the larger negotiating arena.

On the vexed question of additionality there is a point which we at Eurofi have found to be of considerable assistance in negotiating grants and loans for the private sector. Using a flexible approach it is possible to attract substantial Community finance on the back of existing national expenditure. The United Kingdom Government does not have to contribute any monies in addition to those already committed.

As regards existing research funds, the Community's contribution does not depend upon an element of national funding, and this is clearly an area in which British companies should seek to maximise the benefits available.

Gay Scott,
Director, Eurofi (UK).
The Old Rectory,
Northill,
Biggleswade,
Beds.

Naive axiom of CCA

From Mr Keron Bhattacharya

Sir,—The most damaging thing about CCA is its doctrinaire naivety. It starts with the axiom that everything is equal, so we equate the new machine with the old machine etc. etc. What CCA does not accept is that we all have some inbuilt advantages be they in product, price, rent or cheap labour. A successful business can manipulate these advantages in its best interest.

If, therefore, somebody has a cheap property or cheap stock, CCA will force him to value it at others' prices, force an increase in price or show a loss, thereby creating a lack of confidence in business circles. Not all that long ago the finance director of a major quoted company told me that he lost his market share to a competitor because of the costing system.

The proponents of the CCA think that before Sandilands, businessmen did not take account of inflation. That surely is not the case. It has been a normal practice to revalue land and building, where necessary, in historic accounting. As far as stock is concerned, in any reasonable business, 90 per cent of the stock should turn over in three months. Those who used standard costing systems eliminated the problem of inflation by pitching their cost at half-way through a cycle.

The replacement cost for plant and machinery is a red herring. Many companies tackled that problem by writing it off quickly. Once it is fully written off, the depreciation fund should generate sufficient income to keep up with inflation. This eliminates any need for an arbitrary adjustment. A machine today is never the same as a machine tomorrow.

K. Bhattacharya,
Jay Consultancy Services.
11 Stable Lane, Seer Green,
Beaconsfield, Bucks.

Producing the figures

From Mr Harry Alvarez

Sir,—As I help to produce the necessary information for my employer, I have followed the Current Cost Accounting debate in your paper with interest. But I sometimes wonder from their comments how many of your correspondents normally produce the figures themselves.

My company has several thousand properties which have to be valued for CCA purposes and, short of instructing valuers to inspect all of them every year, we have had to construct our own index for this purpose. This has been costly both in time and money. The result — just an estimate, which means very little. After all, what you get for a property depends on when you sell it, the state of the market and, most important, whether there is a purchaser who particularly wants the property at the time. If the property is not for sale, then the yearly estimate adds little to the normal five-yearly revaluation.

I believe that the Current Purchasing Power system, although imperfect like everything else in a world of imponderables, would be quicker and cheaper, produce useful figures and avoid the many subjective estimates that are such a drawback of CCA.

H. L. Alvarez
51, Ranelagh Road,
Ealing, W5

EEC plastics market

From The Public Relations Manager of Petrofina, Brussels.

Sir,—You wrote under the title: Long odds for the prospect of a European Plastics "crisis cartel:" "The Italians, the French and the Belgians are evidently keen to see some kind of EEC programme for plant closures although none of them has called for the formation of a cartel."

This information is misleading as far as Petrofina is concerned. Petrofina is one of the major petrochemicals producers in Belgium and is totally opposed to any kind of EEC programme for plant closures. Moreover, Petrofina is strongly opposed to the formation of a crisis cartel as we are firm believers in market forces.

Gerard Locquet,
Rue de la Loi,
1040, Brussels.

Wages cut incentive

From Mr W. Grey

Sir,—Samuel Brittan's "teasing" suggestion of a selective financial incentive for employers who will cut wages (Economic Viewpoint, July 22) may not be altogether hare-brained. The selectivity principle in this as in other fields, if not the old selective employment tax, has indeed much to recommend it.

Employers' National Insurance contributions varying, for example, in accordance with regional or industry divergences from the national unemployment average, or with changing unemployment or even pay rise rates generally, have been proposed on a number of occasions —so far to little effect.

Their adoption would, of course, run counter to the currently canvassed idea of a further across-the-board cut in the employers' national insurance surcharge!

W. Grey,
12, Arden Road,
Finchley, N3.

UK COMPANY NEWS

Dom advances to £730,800

RATIONALISATION of Dom Holdings' activities in all areas, combined with improved technology, contributed significantly to the improved pre-tax profits of the group, which rose from £110,823 to £730,859 in the year to March 31 1982. Turnover of this retailer and manufacturer of fixing products was down, however, from £13.88m to £13.12m. The final dividend is unchanged at 2.799p for a same-again total of 4.276p net.

Mr D. O. McIntyre, the chairman and managing director, says that despite a decline in sales by the group's subsidiary companies in Holland and Belgium—where it was noticeable that the recession in the trade deepened considerably—the UK sales were firmly maintained.

He says that notwithstanding economic or political situations outside its control, he is reasonably confident that the current year will see a further improvement, in spite of the current recession from which he sees no early respite.

During the second half of this year the company is introducing new product lines which he considers will contribute in no small way to next year's sales.

The group's recent entry into the DIY market is expected to be further consolidated in the coming months, although no significant contribution towards profit from this area is expected this year.

Tax was £191,894 against a credit of £483,910 in the previous year. After dividends of £320,850 (£155,292), the retained surplus was £218,115 compared with £439,441. Mr McIntyre has waived 99.9 per cent of his dividend entitlement in respect of 3,873,880 shares. The net amount waived amounted to £165,558.

Stated earnings per 10p share were down from 7.93p to 7.19p.

Johnson's management criticised

Sunlight Service Group has written to Johnson Group Cleaners' shareholders again this week-end declaring that its £35m cash and share offer is "generous and makes excellent sense" and criticising Johnson's management for not providing a detailed response before now. The initial closing date on the offer, launched at the end of last month, is next Thursday.

Johnson is expected to post its rejection document today.

Pointing to Johnson's recent record, showing virtually static pre-tax profits over the last three years, Sunlight claims that the company's problems "... must be your board's inability to come to terms with the dependence of the dry-cleaning business on consumer spending, compounded by a lack of positive thinking on such management issues as capital employed, group operating structures and marketing policies in its two main activities."

Comparing Johnson's performance with that of Sketchley, another major dry-cleaning company which also launched a bid for Johnson in 1977 only to be thwarted by a Monopolies reference, Sunlight suggests that Johnson is "much less profitable."

Then turning to Johnson's textile rental operations Sunlight claims that it "has ceased to be the growth area for Johnson which it promised to be."

Directly comparing the earnings and profits performance of Sunlight and Johnson over the last decade, the bidder maintains that its management has a proven record and should be "given the opportunity to achieve a better return from Johnson."

It is Sunlight's intention to retain the dry-cleaning business as a separate division, with the objectives of improving the return on assets and increasing market share, and to integrate the textile rental operations of both companies where there is little product or geographical overlap.

Sunlight has also answered Johnson's condemnation of its offer to the unlisted employee shares by taking a Take-over Panel ruling which puts a revised price on those shares to two-thirds of the value of the ordinary offer.

FT Share Information

The following securities have been added to the Share Information Service:
Associated Heat Services (Section: Industrials).
Continental Microwave (Electricals).
Electro Protective Corp (Electricals).
Nationwide Building Society 13⅛ per cent 3/6/83 (Building Societies).
Sarakreek (Property).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Thomas Jourdan, Temple Bar Investment Trust, U.C. Investments.
Finals: AAH, Arlington Motor, Percy Bilton, Ellis and Everard, Unfood, Merrydown Wine, F. H. Tomkins.

FUTURE DATES

Interims—
Ford (Martin) .... July 28
Smallshaw (R.) (Knitwear) ... Aug 4
Finals—
Associated Tooling Industries ... July 29
Austin (James) Steel .... Aug 5
Black (Peter) .... Aug 5
Cray Electronics .... Aug 3
Hallite .... Aug 4
Whittington Estates .... July 28

'Fight not over' says British Sugar chief

BRITISH SUGAR has written to its shareholders urging their support in rejecting a £282m bid from S. & W. Berisford, the commodity trading group.

Though Berisford already owns 40.02 per cent of British Sugar after last year's abortive take-over battle and has struck a deal with Ranks Hovis McDougall to buy another 10.5 per cent, Sir Gerald Thorley, British Sugar's chairman, argues that "the fight is not yet over."

He argues that a reference to the Monopolies Commission or intervention by the European Court could still prevent ownership of RHM's holding passing across to Berisford.

The sugar beet producer has submitted "weighty new evidence" in support of another Monopolies Commission reference. BS has also urged the EEC Commission into a formal investigation to see if there is a breach of competition rules, and has lodged an application with the European Court at a hearing set for Thursday to stop Berisford buying RHM's holding.

British Sugar's letter also contains the more conventional arguments for rejecting Berisford's approach—the board and its advisers, N. M. Rothschild and Sons, consider the bid to be "inadequate and substantially undervaluing the shares."

In support of this line, BS says that its profit record shows strong continuous growth, and prospects for the next financial year look good. The crop has the best potential for 10 years. The cash bid of 470p places the company on a price earnings ratio of 5.4 "only about half the market average."

The letter claims Berisford is attempting to bid "at a discount on earnings, assets and prospects."

British Sugar goes on to attack the "poor Berisford share alternative" and "significant fall in income" from accepting the terms before underlining Berisford's potentially high capital gearing of 200 per cent if the cash offer were accepted.

Elbief makes headway

Taxable profits of Elbief, manufacturer of leathergoods accessories, handbags and picture frames, showed an improvement from £283,349 to £363,171 for the year to April 30 1982, with turnover displaying little change at £2.77m against £2.71m.

The directors point out that as foreshadowed at midway, when a profit rise from £103,000 to £136,000 was reported, the year's trading outcome owes much to a continued improvement in exports.

Operating profits at £207,757 (£188,647) showed a modest rise. Interest received and realised surpluses on investments at £155,384 (£94,702), reflect high interest rates and movement in currency exchange rates.

After charging £9,790 (same) for covenanted charitable donations and providing £136,000 (£99,000) for tax, the net surplus was £217,381.

A final dividend of 1p raises the total payment from 1.303p to 1.385p net, on earnings per 10p share of 1.79p (1.44p).

Old Swan Hotel shows 112% improvement

Pre-tax profits at the Old Swan Hotel (Harrogate) more than doubled from £67,000 to £142,000 in the year to March 31, 1982. The final dividend is raised from 0.4p to 0.5p net for an increased total of 0.9p against 0.8p. Turnover advanced from £1.19m to £1.43m.

The directors say the first phase of modernisation at the hotel was completed on schedule and this, together with increased business generated by the opening of the new Harrogate Conference Centre, has led to a substantial improvement in room occupancy levels.

The full effect of these recent changes will only be seen in the current year, they say. Steps have also been taken to improve management of the hotel, and these have already produced significant results.

Tax for the year was up from £35,000 to £40,000, and there was an extraordinary debit this time of £2,000. Stated earnings per 10p share improved from 1.11p to 2.39p.

Moorside Trust revenue dips to £416,000

Pre-tax revenue at the Moorside Trust in the six months to June 30 1982 slipped from £566,000 to £416,000, even after a substantial fall in expenses and interest charges from £229,000 to £91,000.

A same-again net interim dividend of 1p per 25p share is recommended, and in the absence of unforeseen circumstances the board expects to be able to match last year's final dividend of 2.5p. Earnings per share are stated at 1.31p (1.7p) and net asset value per share is put at 75.5p (93.2p).

The company says the reduction in gross revenue in the first half is largely due to smaller holdings in gilt-edged securities and gold shares compared with the first half of 1981, and to the sale of shares for cash used to repay a $5m (£2.86m) loan in July 1981.

Present estimates indicate that gross revenue in the second half will exceed the present figure.

SE listing for Comtech

Combined Technologies, the company formed last year when Tricentrol spun off its non-oil and gas interests, is "actively investigating" the possibility of a separate stock exchange listing for its motor activities.

The move is likely to take place in late September. For the 12 months ending last March, the motor group recorded profits of £1.5m on turnover of about £100m. It consists of five Ford dealerships and five GM dealerships.

Mr R. J. Smith, a director of Comtech, is to become chairman of the yet unnamed motor group. He said yesterday that 25 per cent of the new group's share capital would be floated off, with about half accounted for by new shares. Comtech would retain a 75 per cent holding and consolidate the new company's results "for the time being," he said.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
*Acrow	July 27	Final 0.75	Horizon Travel	Aug 17	Interim 1.15
Associated Dairies	Aug 26	Final 2	*ICI	July 29	Interim 9.0
Ault and Wiborg	Aug 5	Interim 0.5	*Lex Service	July 28	Interim 2.8
Automotive Products	Aug 13	Interim 1.0	*Linfood	July 28	Final 8.5
Babcock Int.	Sept 2	Interim 3.4	Lonrho	July 30	Interim 3.0
BBA	Aug 27	Interim 0.84	*Midland Bank	July 30	Interim 8.0
BET	Sept 3	Final 5.709	*NatWest	July 27	Interim 9.625
BP	Sept 3	Interim 8.25	*Nottingham Manufctrg	Aug 2	Interim 1.1
*Barclays Bank	Aug 5	Interim 10.5	Ocean Transport	Aug 11	Interim 4.3
Bath and Portland	July 15	Interim 2.0	Pearl Assurance	Aug 26	Interim 8.5
*Bibby (J.)	Aug 4	Interim 2.4	Phoenix Assurance	Sept 2	Interim 7.3
*Bilton (P.)	July 28	Final 4.4	Preedy (A.)	Aug 3	Final 2.75
Blue Circle Industries	Aug 26	Interim 5.75	*Raybeck*	Aug 28	Final 1.131
British Aluminium	Aug 11	Interim 2.0	Rentokil	Aug 5	Interim 1.05
British Vita	Sept 1	Interim 2.7	*Royal Insurance	Aug 16	Interim 9.75
Cadbury Schweppes	Sept 3	Interim 1.3	Securicor	Aug 12	Interim 0.55
Carrington Viyella	Aug 13	Interim nil	Shell Transport	Aug 20	Interim 8.6
Charterhouse Group	Sept 3	Interim 1.925	Sime Darby	Aug 27	Final 17
Comben	Aug 26	*Interim 1.2*	Slough Estates	Aug 26	Interim 1.25
Commercial Bank Aust.	Aug 15	Final due	Smith and Nephew	Aug 11	Interim 1.3
*Commercial Union	Aug 10	Interim 4.85	**Stenhouse*	*Aug 19*	Interim 1.82
De Beers	Aug 18	Interim 25c	*STC	Aug 2	Interim 4½
*Dixons Photographic	July 29	Final 2.179	Sun Alliance	Sept 2	Interim 19.5
*Fitch Lovell	July 29	Final 3.71	*TI Group	Aug 11	Interim 12.5
General Accident	Aug 11	Interim 7.5	Taylor Woodrow	Aug 11	Interim 3.15
Glynwed	Aug 5	Interim 2.45	Transport Development	Aug 10	Interim 1.45
Gold Fields SA	Aug 18	Final 320c	Ultramar	Aug 13	Interim 5.0
GRE	Sept 2	Interim 5.75	*Vantona	July 27	Interim 3.0
Hawley Group	Aug 26	Interim 1.1	Wagon Finance	Aug 28	Interim 0.825
Hillards	Aug 3	Final 3.75	Wagon Industrial	Aug 4	Final 3.0
*HK & Shanghai Banking	Aug 24	Int HK$0.21	Weir	Sept 2	Interim 0.1
Hoover	Aug 6	Interim due	*Woolworth (F. W.)	Aug 11	Interim 1.225

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

THE TRING HALL USM INDEX
127.2 (−0.8)
Close of business 23/7/82
Tel.: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
578-583 (+6)

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
Amro Bank	12 %	■ Hambros Bank	12 %
Henry Ansbacher	12 %	Hargrave Secs. Ltd.	12 %
Arbuthnot Latham	12 %	Heritable & Gen. Trust	12 %
Associates Cap. Corp.	12 %	■ Hill Samuel	§12 %
Banco de Bilbao	12 %	C. Hoare & Co.	†12 %
BCCI	12 %	Hongkong & Shanghai	12 %
Bank Hapoalim BM	12 %	Kingsnorth Trust Ltd.	13 %
Bank of Ireland	12 %	Knowsley & Co. Ltd.	12½%
Bank Leumi (UK) plc	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank Street Sec. Ltd.	13½%	Edward Manson & Co.	13½%
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone	12½%	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Roxburghe Guarantee	12½%
■ Brown Shipley	12 %	Slavenburg's Bank	12 %
Canada Perm't Trust	12½%	Standard Chartered	‖12 %
Castle Court Trust Ltd.	12½%	Trade Dev. Bank	12 %
Cavendish G'ty T'st Ltd.	13 %	Trustee Savings Bank	12 %
Cayzer Ltd.	12 %	TCB	12 %
Cedar Holdings	12 %	United Bank of Kuwait	12 %
■ Charterhouse Japhet	12½%	Volkskas Intl. Ltd.	12 %
Choulartons	13 %	Whiteaway Laidlaw	12½%
Citibank Savings	¶12½%	Williams & Glyn's	12 %
Clydesdale Bank	12 %	Wintrust Secs. Ltd.	12 %
C. E. Coates	13 %	Yorkshire Bank	12 %
Comm. Bk. of Nr. East	12 %		
Consolidated Credits	12½%		
Co-operative Bank	*12 %		
Corinthian Secs.	12 %		
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E.T. Trust	12 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15 %		
Robert Fraser	13 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1 month 9.25%. Short term £8,000/12 month 11.6%.
† 7-day deposits on sums of: under £10,000 9%, £10,000 up to £50,000 9½%, £50,000 and over 10¼%.
‡ Call deposits £1,000 and over 9%.
‖ 21-day deposits over £1,000 10¼%.
§ Demand deposits 9%.
¶ Mortgage base rate.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing Price p	+ or −	Div.	Times covered	Gross Yield	P/E
‡‡	F.P.	—	45	40	Anglo-Nordic 5p	45		b0.89	2.0	2.8	23.8
‡‡	F.P.	—	82½	79	Antofagasta Hldgs £1	80		—	7.0	3.6	[illegible]
‡‡	F.P.	30/7	17	11	Argyll Foods Warr'ts	17					
‡‡	F.P.	—	48	41	Argyle Trust	45	+1				
145	F.P.	—	48	42	Atlantis Res. Int.	42	−1				
45	F.P.	30/7	68	50	[illegible]	55		[illegible]			
£618	F.P.	30/7	59	52	‡Dencora	54	+2				
150	F.P.	[illegible]	176	[illegible]	‡Druck Hldgs.	176		[illegible]			
[illegible]	F.P.	—	106	103	[illegible]	106		[illegible]			
[illegible]	F.P.	—	65	63	‡ Do. Defd	65					
[illegible]	F.P.	—	56	54	‡Knight Cmptr Int 5p	54					
160	F.P.	6/8	198	180	‡McCarthy & Stone	187		[illegible]			
£127	F.P.	6/8	131	110	‡Miles 33 10p	127		[illegible]			
£106	F.P.	27	630	596	Oriflame SA (US$1.50)	630		[illegible]			
600	F.P.	13/8	168	150	‡Oldfield Insp. Srvc 10p	158		[illegible]			
£150	F.P.	14/7	97	86	‡Radio City 'A' NV	95		[illegible]			
77	F.P.	—	36½	35	‡Rowe Evans Inv. 10p	35					
‡‡	F.P.	29/6	166	160	‡[illegible] 10p	160		[illegible]			
140	F.P.	—	44	37½	Walker (Alfred) 10p	38½		b0.76	5.5	2.8	7.2

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
‡‡	F.P.	—	60p	55p	Antofagasta 5.5% Pref. (£1)	65p	
99.628	£20	—	21¾	21¼	Australia 13¼% Ln. 2010	21¾	
£100	F.P.	9/7	107	99	Benlox 8% Conv. Cum. Rd. Pf.	100	
£100	£10	26/8	12½	10½	Bournemouth Water 9% Red. Prf. 1988	12¼	
£100	Nil	29/7	¼pm	¼pm	Cronita 14% Cnv. Uns. Ln. '92	¼pm	
‡‡	F.P.	—	146½	130	First Nat. 12½pc Conv. Uns. Ln. 1987	135	
£100	F.P.	9/7	101	91½	Marlborough Props. 10% Cnv. Ln. [illegible]	92½	
98.65	£25	8/10	23¾	23¼	Midland Bk. 14% Sub. Uns. Ln. [illegible]	23¾	
£100	F.P.	—	101	99¾	Nationwide Bdg. Soc. 14% (4/7/83)	100	
£100	F.P.	—	100⅛	100¼	Do. 13⅛% (25/7/83)	100⅛	
99.245	£25	—	26¼	24½	New Zealand 14¼% 1987	26¼	
£100	F.P.	23/7	107	98½	Rotaprint 11¼% Cum. Conv. Red. Pref.	102	
£100	£10	—	15½	13½	West Kent Water 9½% Red. Pref. 67-89	15¼	

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date		1982 High	1982 Low	Stock	Closing Price p	+ or −
166	F.P.	9/7	5/8	203	186	Applied Computer Tech.	203	
170	F.P.	13/6	24/8	190	180	Bank Leumi (UK) £1	185	
103	Nil	29/7	26/8	17pm	15pm	[illegible]	16pm	
25	Nil	—	—	1½pm	1pm	Cronite	1pm	
78	Nil	—	—	8pm	3pm	Goal Pet. Op.	[illegible]	
174	F.P.	18/6	30/7	254	218	Grand Met 50p	254	+1
25	F.P.	26/7	3/9	25½	24	Jenks & Cattell	24	
66	Nil	—	—	16pm	8pm	Minster Assets	15pm	
50	F.P.	24/8	13/8	62	52	Press (Wm.) 10p	61	
325	F.P.	17/6	30/7	445	380	Saatchi & Saatchi 10p	420	
216	F.P.	6/7	13/8	282	259	Sketchley	282	

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *r* Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ★★ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

Public Works Loan Board rates

Effective July 21

Years	Quota loans repaid by EIP†	Quota loans repaid At‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At‡	Non-quota loans A* repaid at maturity§
Up to 5	12¼	12⅜	12¾	13¼	13⅜	13¾
Over 5, up to 6	12⅝	12¾	13	13⅛	13¼	14⅛
Over 6, up to 7	13⅛	12⅞	13⅛	13⅜	13⅞	14⅛
Over 7 up to 8	12⅞	12⅞	13⅛	13⅜	13⅞	14⅛
Over 8, up to 9	12⅞	13	13⅜	13⅞	13½	14⅛
Over 9, up to 10	12⅞	13	13⅜	13⅞	13⅞	14⅛
Over 10, up to 15	13⅛	13⅛	13½	14	14⅛	14⅛
Over 15, up to 25	13¼	13⅛	13½	14⅛	14	14
Over 25	13⅛	13⅛	13⅛	14	14	14

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

INTERNATIONAL CAPITAL MARKETS

MERCHANT BANKING

Advice on sovereign debt can bring rich pickings

"ADVICE IS worth what yon pay for it," runs the old saying. If this is true, then some of tha world's poorer countries must be getting very good advice from investment banks, which these days can command fees of over $1m a year for belping thom to sort out their debt prohiems.

And given the proliferation of reschedulings around the world, the business seems to be booming. Fierce competition was reported to be developing last week for the contraat to advise Malawi, which is ona of the latest countries to seek deferment of daht repayments.

On the basia that most banks are now seeking to generate fee income rather than interest income, even commercial banks are beginning to seek these lucrative contracts. Yet old hands in the advice business do not tire of pointing out that it is not as easy as it seems.

For one thing, advising sovereign borrowers is an expensive, people-intensive business. Kuhn Loeb Lehman, Lazard Freres and S. G. Warburg, which are together known aa the troika, have a hard core of some 60 experts involved in giving this type of service.

Among their clients are Turkey, Zaire, Gabon, Sri Lanka, Costa Rica, and Panama, but their biggest success is probably Indonesia, which brought the group together to advise on its liquidity problems in 1975 and is now able to borrow abroad at a margin of only ⅜ per cent over Eurodollar rates for 10 years.

Giving advice comes more naturally to merchant banks then it does to commercial banks, which as lenders may more easily run into conflicts of interest. Morgan Grenfell, for example, numbers Sudan and Uganda among its clients and more recently Samuel Montagu hes emerged as a force in the business with Zambia, Jamaica, and the Dominican Republic.

For some banks, advising a borrower on its external debt may offer eventual spin-offs in sucb fields as continuing consultancy, or giving advice on attracting foreign investment.

Most banks admit that advice ever rescheduling, which is the best publicised part of their work, actually forms a relatively small part of the advisory business. Yet this advice to sovereign borrowers is also the most sensitive area, not least because it usually involves acting as an interface between the borrower and the World Bank and International Monetary Fund.

"The most difficult problem," says one specialist banker, "is advice on how to meet IMF performance criteria. We are not casting ourselves in the role of intermediary between the IMF and our client, but we do assist the country concerned in putting the right information on the *table* and in creating a better understanding of how the performance criteria can be met."

To do this requires not just a close relationship with the IMF itself, but also a degree of confidence and trust from the client government that can take years to develop. If it can be achieved, however, the advisory bank can also provide a vital extra link with private markets.

Two other difficulties have to be surmounted which eventually limit the amount of advisory business available.

The first is access to sufficient information. Lack of such access explains why no Eastern European borrower has taken on an investment bank to advise it, and why none of tha banks in the business seems to want such a role.

The second problem is in choosing which countries might benefit from the advice. "You have to distinguish between a deep-seated structural problem and a temporary liquidity crisis," says one banker.

"If the political will is lacking or the resources are not available, our advice would be irrelevant, however brilliant. We would not stay in such a country."

Lucrative as it seems, debt advice is thus not everyhody's cup of tea, and while competition is growing, some banks remain determined to keep out of the business.

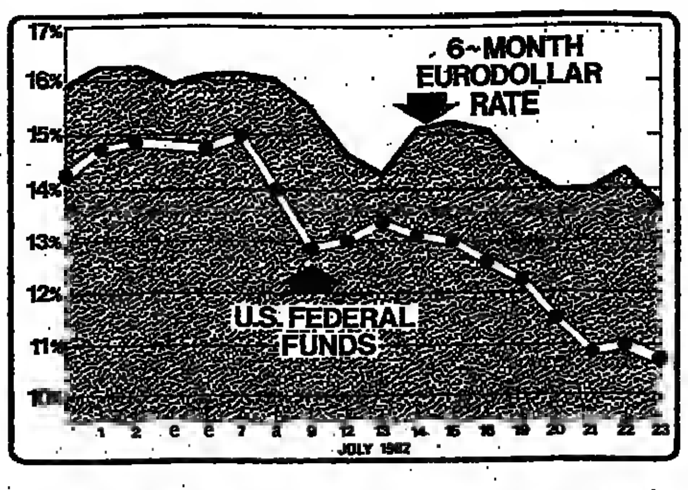
Says the bead of one City of London merchant bank, "It's all such a gamble. We prefer to deal with triple A names."

Peter Montagnon

INTERNATIONAL BONDS

A bullish frame of mind

THE EUROBOND market is in a bullish frame of mind. Encouraged hy the sharp decline in short-term interest rates and the all-important positive carry, prices of fixed-interest Eurodollar bonds registered a gain of 1¼ points on average last week. The clearly positive carry—whereby short-term rates are low enough to allow a house to finance its hond inventories at a profit — is the hest news this market has had in weeks.



As a result, last week's flood of new dollar issues worth $1.2bn did not make anyone blanche. Even the 14½ per cent $100m GMAC issue, widely viewed as having been priced too aggressively, did not pose a major problem.

By Friday the U.S. Federal Funds rate touched a low of 10¾ per cent and the six-month Eurodollar deposit rate closed at 13¾ per cent, down 1¼ per cent on the week. The Euroclear overnight rate was reported by dealers at 12 per cent, allowing a useful 250 to 300 basis point margin on most new issues in stock.

Dr Henry Kaufman's suggestion thet there might be more cuts in the U.S. discount rate, though less than the abont-face many in the market initially supposed it to be, was another piece of encouraging news.

One London-based fund manager, reflecting on tho Kaufman statement, said the market should not forget thet while times are good now, the U.S. Treasury has a hefty financing requirement up its sleeve. As a result, this was not necessarily the time to jump into the market with voluminous buying as "the npsida potential is not great enough".

Instead, the intelligeot bond investor should be picking up the quality paper selectively, this fund menager reckoned. "The market is underpinned by the fall in short-term rates and the weaker U.S. dollar rather than boing in a drametic rally".

Among tha fevourite new issues were the World Bank'a mnch heralded $400m currency swap 15 per cent issue and the more recent $80m Nippon Credit Bank's 15¼ per cent issue from Morgan Stanley.

The Nippon Credit Bank paper sold very quickly on Friday and more than $50m may have baen placed by the close of business. It had rarity value, it was being offered for a strong Japanese bank and the coupon was attractive. Like the earlier Sumitomo Bank issue, this was also an interest rate swap in which the borrower takes on another party's floating rate debt.

Perhaps tho least successful part of the new issue flood, besides the GMAC issue, was the barrage of five Canadian deals for New Brunswick, Ontario Hydro, Canadian Pacific, Newfoundland, and Nova Scotia. The last two received a somewhat tepid reception and traded et discounts of around 2 per cent on Friday.

According to one Eurobond portfolio manager "all the Canadian issues are nnder a cloud, whather that is fair or not. One has to be careful about which Canadian deals one picks up".

Prices rose in both the Euro D-Mark and Swiss franc bond sectors by almost ono point on average last week. The relative weakness of the U.S. dollar against the D-Mark and tha Swiss franc was a helpful factor in these currency-sensitivo markets. There was also considerable optimism about interest rates in Frankfurt and Zurich—the six-month D-Mark deposit rate closed et 9 por ceot. down ¼ per cent, while the Swiss franc rate fell ⅝ per cent to 5¼ per cent.

Alan Friedman

CREDITS

Hungarian club loan increased

THE SPECIAL club loan being assembled for Hungary by e group of banks led by Manufacturers Hanover is now set et $260m instead of the $200m committed two weeks ago.

A large part of tho increase is accounted for by the inclusion of the four British clearing banks, which have been among the slowest to mako up their minds wbether to participate.

The British banks will be putting up only $10m apiece, half the amount being subscribed by each of the 11 other participants. Besides Manufacturers Hanover, these inclnde Arab, U.S., Austrian, French, German and Japanese institutions.

A formal proposal to arrange the credit, which will bear a margin of 1¾ per cent for three years, is now expected to be put to the Hungarian National Bank early this week. Its purpose is to help offset the prohlems caused to Hungary hy the drain of Western bank deposits which followed the Polish and Romanian crises.

A short-term deal for Yugoslevia of $200m-$300m was also moving fairly slowly last week. Coordinated by Citicorp, it will involve only North American banks, and although some money has now been committed the credit is still not ready for formal presentation to the horrower.

Elsewhere the Eurocredit market maintained its very quiet tone last week, apart from the already reported $250m loan package for Greece's Publie Power Corporation which has en unusually long life for Southern European deals.

Part of the package involves a 12-year floating rate note, but the remainder will be Eurocredits in dollars and sterling with e margin of ½ per cent over Eurodollar rates for nine years. The package is being led by Orion Royal.

In Australia Hambros and Dresdner Bank heve been mandeted to raise $300m for tha industrial conglomerate Australian Consolidated Industries. The multi-currency loan will bear e margin of ½ per cent over Eurodeposit rates for eight years and repayments will begin after a grace period of four years.

P. M.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
Mexico‡	175	1997	15	18¼	100	Merrill Lynch	18.500
World Bank‡	250	1987	5	15	100	Deutsche Bank, Citicorp, CSFB, Morgan Guaranty	15.000
World Bank‡	150	1988	6	15	100	Deutsche Bank, Citicorp, CSFB, Morgan Guaranty	15.000
Sthn. Cal. Edison§	50	1997	15	•	100	CSFB	•
New Brunswick‡	75	1987	5	15¼	100	CSFB	15.250
Ontario Hydro‡	150	1992	10	15	100	Deutsche Bank	15.000
GMAC‡	100	1988	6	14½	99¾	Societe Generale	14.566
Banque Indosuez	60	1989	7	15¼	•	Banque Indosuez, Continental Illinois	•
Can. Pacific Secs.‡	75	1989	7	15	100	Goldman Sachs, Salomon Bros.	15.000
Export Devt. Corp. of Canada††‡	150	1987	5	14¼	99.8	Salomon Bros., Merrill Lynch, Wood Gundy	14.428
Newfoundland	75	1990	8	15½	•	CCF, Dominion Secs.	•
Nafinsa‡	50	1985	3	18⅜	100	Lloyds Bank Intl.	18.375
Nova Scotia‡	75	1989	7	15¼	100	UBS Secs.	15.250
Eldorado Nuclear†‡‡	100	1992	10	14½	99½	Salomon Bros.	14.670
Nippon Credit Bank‡	80	1989	7	15¼	100	Morgan Stanley	15.250
CANADIAN DOLLARS							
Canadian Utilities	30	1987	5	7½	•	Wood Gundy	•
D-MARKS							
City of Vienna‡	100	1992	10	9⅜	100	Bay. Vereinsbank	9.375
Standard Bank Import**‡	50	1986	4	10¾	100	Bay. Hypotheken	10.750
EIB‡	200	1992	10	9⅜	100	Deutsche Bank	9.375
Sperry Holding**‡	75	1989	7	9½	100	BHF-Bank	9.500
SWISS FRANCS							
Konishiroku Photo**§	70	1987	—	•	100	SBC	6.375
Eldorado Nuclear	100	1992	—	•	•	UBS	6.625
Daikin Kogyo**¶	45	1987	—	•	100	CS	6.875
Centel**‡	100	1987	—	6⅞	100	UBS	6.875
Champion Intl.**‡	60	1987	—	7¼	100	UBS	7.250
Sankyo Seiki**§	20	1987	—	•	100	SBC	6.375
Mont Blanc Tunnel Co.	70	1992	—	•	•	CCF, Banque Gutzwiller, Kurz, Bungener	•
Citicorp Intl.**‡	100	1988	—	6¾	100	SBC, Citicorp Intl.	6.750
Societe Generale**‡	50	1987	—	7	100	Citicorp Intl., Societe Generale (Suisse)	7.000
McDonnell Douglas Ovs Fin**‡	25	1987	—	7	100	Citicorp Intl.	7.000
TNT Ovs Fin.	100	1992	—	•	•	Soditic	•
STERLING							
Australia‡	100	2010	28	13½	98.528	SG Warburg	13.713
GUILDERS							
Amro Bank**‡	75	1987	5	10	100	Amro Bank	10.000
ECUs							
Credit Foncier de France‡	50	1989	7	13¾	99½	Bank Indosuez, Kredietbank Intl.	13.867
YEN							
Asian Devt. Bank	15bn	1992	10	8⅝	•	Daiwa Secs.	•

• Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ♦ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ With warrants. Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Rally fuelled by soothing Fed

EVERYTHING seems to be going the credit markets' way—at least for the time being. In the space of only 72 hours last week, the Federal Reserve cut the discount rate, Mr Paul Volcker said monetary policy would be more flexible, the banks cut their prime rate, and Dr Henry Kaufman said interest rates could ease a bit more.

All this fuelled a strong rally which pushed interest rates down across the board. Borrowers were also able to wheel out some long-postponed debt issues and to start restructuring badly strained balance-sheets.

In his eagerly awaited testimony to Congress, Mr Volcker came up with no great surprises. But his remarks seemed designed to soothe the markets in several ways. He said the Fed would take into account a broader range of criteria, including the overall level of interest rates and the liquidity of the system, before deciding whether to crack down on excessive monetary growth. He also said the Fed would not react to sudden bulges or valleys in the money supply.

In the past, Wall Street's fear of precisely such crackdowns has tended to keep interest rates higher and more volatile than they would otherwise have been. Fundamentally, though, Mr Volcker reminded the markets that the Fed is sticking to its tight long-range monetary goals, and is still concerned about inflation and the impact of the Federal budget deficit.

The reduction in the discount rate, from 12 per cent to 11½ per cent, had been widely expected. But it still put the Fed's welcome seal of approval on the recent fall in market rates though many people had been hoping for a full point cut. At least it encouraged the banks to cut their prime rate from 16½ per cent to 16 per cent the next day. The Fed funds rate tended to run away with itself, falling as low as 10 per cent at one point, though it pulled back later. Friday's minuscule decline in M1 was disappointing: the market had been hoping for something much bigger and it marked bond prices down about half a point.

Dr Kaufman's statement contained both good news and bad. The good news is that he thinks the Fed wants to boost monetary growth quite quickly and to help the economy. This should bring down short-term interest rates. The bad news is that this exercise will cause the money supply to shoot up much faster than the Fed expects and will force it to take severe action which will drive interest rates back up again. At the same time, the renewed credit demands set off by the recovery will coincide with the full weight of treasury borrowing to create "more adverse fundamental and psychological forces *within a few months*."

U.S. INTEREST RATES (%)	Week to July 23	Week to July 16
Fed. Funds wkly av.	11.16	12.99
3-month Treas. bills	10.40	11.10
3-month cd.	12.38	13.90
30-year Treas. bonds	13.18	13.52
AAA utility	15.25	15.50
AA industrial	14.88	15.13

Source: Salomon Bros. (estimates). In the week to July 14 M-1 fell $100m to $451.7bn.

Dr Kaufman sees some relief for short-term borrowers, but he doubts that corporations will have much chance to fund long-term debt.

But the markets still seem to have a lot going for them. All the indications are that the economy is *still* weak so a sudden surge in credit demand is unlikely. The strong positive slant to the yield curve is also enabling traders to fund healthy positions and to cope with the supply which is pouring in.

Last week over $2bn of corporate debt was sold including large issues from Caterpillar Tractor, Du Pont, Mead, Ford Motor Credit, Bank of America, Champion International, Getty Oil and GTE. Many of these issues were extendable notes, the current fashion.

The coming week also has a heavy calendar, but the focus will shift back to the Treasury which has to move a mountain of paper in the next couple of months. On Wednesday it will announce details of its next quarterly refunding which will probably amount to $10bn of notes in three and ten-year maturities. *Normally* the Treasury would throw in a 30-year bond, but its authority to raise long-term money has not been renewed since it ran into its debt ceiling earlier this year. It will also announce details of its new $6bn one-year bill issue on Friday.

David Lascelles

Australian terms expected soon for foreign banks

BY MICHAEL THOMPSON-NOEL IN SYDNEY

SPECULATION IS mounting in Australia that the Federal Government may be moving closer to setting conditions under which a limited number of foreign institutions would be granted banking licences.

The conditions are thought to include the establishment of a branch network and the sale of a significant equity stake in the *new operations to Australian* investors. Some bankers now expect the conditions to be published within the next few weeks.

Once the conditions have been agreed by the Federal Cabinet, the authorities will have to choose between the large number of institutions which have been lobbying hard for licences ever since the Campbell committee's report, proposing far-reaching reform of the Australian financial system, suggested last year that the country's banking business needed to be opened up to international competition.

Bankers in Sydney have long believed that a minimum of three new licences would be issued, with one each going to U.S., British, and Japanese groups. It has also been widely assumed that the existing though limited licences held by Bank of New Zealand and Banque Nationale de Paris would be extended. Among the British banks, Barclays and Midland are thought to be the most prominent contenders.

Officials in Canberra point out that Mr John Howard, the Treasurer, has repeatedly said that the granting of foreign banking licences, as recommended by the Campbell Committee, would be a matter of Cabinet submission in the "very near future" — though they warn that the proposed allocation of a licence each to the U.S., UK, and Japan "sounded too pat and symmetrical."

With the exception of the Bank of New Zealand and BNP, international banks operating in Australia are at present restricted to the ownership of merchant banking operations, finance and leasing companies, and investment services.

The granting of licences will almost certainly depend on the newcomers' willingness to provide Australian investors with an equity stake. But an executive of one large foreign bank said yesterday: "It is impossible to draw up firm plans until *guidelines are forthcoming from* Canberra."

Among the U.S. and Japanese banks, the front runners are considered to be Citibank and the Bank of Tokyo, though many others are also vying for a licence.

Earlier this year, the recommendations of the Campbell Committee appeared to be taking a back seat to more pressing issues of economic policy. But the election of Mr Howard to the deputy leadership of the Liberal Party, a position which casts him as a natural sucessor as Prime Minister to Mr Malcolm Fraser, may have given the reformist cause a boost.

S. Korean venture for Bank of America

HONG KONG — The Bank of America is to form a joint banking venture in South Korea in which it will hold a 49 per cent stake.

Hannie Bank will include as major shareholders the Korean Daewoo Group, Samsung Group, Sangyong Group, and Taihan Electric Group. They will collectively hold 51 per cent of the bank's capital.

The board of directors will be evenly split between Bank of America and the Korean investors and the day-to-day management of the bank will be controlled for six years by Bank of America. The bank's initial paid-up capital will be U.S.$40m.

Hannie Bank will be oriented towards pre-export and local currency working capital financing. The president and chief executive officer will be Kim Mahn Je, the former president of the Korea Development Institute.

AP-DJ

Buoyant first half at TDK Electronics

BY YOKO SHIBATA IN TOKYO

TDK ELECTRONICS, Japan's leading manufacturer of ferrites and magnetic tapes, has reported buoyant interim results despite unfavourable conditions in two of its major markets, television and audio equipment.

Consolidated net profits for the six months ended May rose 25 per cent to Y14.88bn ($58.3m) on sales ahead by 21.3 per cent to Y147.58bn ($579m).

The recession in sales of audio equipment, reductions in television production, and slower growth of video tape recorder turnover lowered the growth rate of TDK's consumer electronic component sales.

Sales of ferrite cores and magnets fell by 1.1 per cent and of ceramic components by 3.3 per cent. However, the company's mainstay, sales of magnetic recording tapes, centering on exports rose by 35.3 per cent to account for 54.4 per cent of the total.

Sales of coil components and memory devices rose by 30.2 per cent to account for 15.3 per cent.

A foreign exchange gain of Y1bn caused by the yen's depreciation boosted the consolidated half year net profit significantly.

Santa Fe Intl. acquisition

BY OUR FINANCIAL STAFF

SANTA FE International, which became a subsidiary of Kuwait Petroleum Corporation late last year after a controversial $2.5bn bid is to acquire Andover Oil Company for about $150m in cash.

Completion of the merger, which is subject to approval by shareholders of the privately held Andover and U.S. Government regulatory agencies, is expected later this summer.

INTERNATIONAL APPOINTMENTS

Restructuring at Bank of America

● In a general restructuring of BANK OF AMERICA operations in Europe, the Middle East and Africa, three senior appointments have been made. Senior vice-president Mr Vaden M. Yelton has been appointed general manager for the continental Europe area, with headquarters in Frankfurt. Mr Yelton's area includes Austria, Belgium, France, Germany Luxembourg, the Netherlands, Portugal, Spain, Switzerland, Eastern Europe and USSR. Senior vice-president Mr James P. McDermott has been appointed area general manager for the Middle East and Africa and will also be responsible for the bank's operations in Greece, Cyprus and Turkey. Mr McDermott is based in London. Senior vice-president Mr Michael Seibel has been named cashier and financial officer for the Europe, Middle East and Africa Division and will continue as manager of the international finance centre in London. The changes follow the appointment of Mr Paul A. Verburgt as executive vice-president and head of Europe, Middle East and Africa divison, replacing executive vice-president Mr Moore E. McMillen, who becomes head of the bank's North American division.

● E. F. HUTTON GROUP has elected chairman Mr Robert Fomon to the additional posts of president of the parent company and president of Hutton's brokerage unit, E. F. Hutton and Co Inc, succeeding Mr George Ball, who has resigned. Mr Fomon continues as chairman and chief executive officer of both organisations. Mr Ball is joining Prudential Insurance Company of America.

● Mr Charles W. Randall has joined FIRST CITY NATIONAL BANK OF HOUSTON as vice-president and manager, South America, of the international division in Houston.

● Mr Arthur Juergens, vice-president of THE KROGER COMPANY, has been elected a group vice-president. His responsibilities cover real estate, market research, engineering, office services and aviation.

● Mr Thomas F. Kelleher, former assistant director of the FBI, has joined MASTERCARD INTERNATIONAL as vice-president of security. Mr Kelleher will be co-ordinating worldwide financial fraud investigations, concentrating on those having impact on the U.S.

● Mr Irvine L. Burrows Jr has been promoted to vice-president of product support at McDONNELL AIRCRAFT COMPANY, a division of McDonnell Douglas Corpn. He succeeds Mr Vernon E. Teig, who is retiring. Mr Raleigh L. Huntsman has been named vice-president - deputy general manager of McDonnell Douglas—Tulsa. Mr Burrows was director of support programmes and Mr Huntsman had an executive position with Napier Industries, Muskogee, before rejoining McDonnell Douglas.

● Mr John H. Breitherick Jr has been appointed president of the CONTINENTAL INSURANCE COMPANIES, New York. He was executive vice-president in charge of domestic property and casualty operations, and now has responsibility for worldwide property and casualty operations. Mr V. Lee Barnes, executive vice-president of the Continental Corpn, will head a new office of corporate development. Mr John P. Ricker Jr, the company's chairman, plans to retire at the end of the year.

● Mr L. White Matthews III has been elected vice-president and treasurer of UNION PACIFIC CORPN. Mr Matthews is presently treasurer and chief accounting officer of Missouri Pacific Corpn. He will assume his duties at Union Pacific on August 1.

● Mr Hans Peter Toedtli, currently deputy representative, is on August 1 to succeed Mr Roland Staehli as head of the London representative office of SWISS VOLKSBANK. Mr Staehli will become a deputy manager at the bank's head office in Berne.

● TRANSFORMATOREN Union Stuttgart, has complied with the request of the chairman of the managing board, Mr Erich W. Menzel, not to extend his term of office. Mr Hans Troger was appointed to succeed him as president and chief executive from October 1. He will continue to head the sales and marketing division.

● BANKERS TRUST COMPANY of New York has appointed Mr Anthony R. Montemurno, vice-president, as head of the North Europe division of its world corporate department, UK/Europe Group. He will be based in Frankfurt. Mr Montemurno, who was previously unit head of the south east Asia division, based in Manila, succeeds Mr Horst Schnoes, who has transferred to the bank's international department.

● Mr David W. Derrick and Mr John B. Zachry III have been appointed vice presidents of RFC MANAGEMENT CORP.

● Mr Peter A. Bengelsdorf has joined BUFFALO REINSURANCE COMPANY, Los Angeles, as vice president, treasurer and chief financial officer in the home office. He was vice president and director of California Reinsurance in Pasadena.

● Dr Hans F. Stocker is to become a head office manager of SWISS VOLKSBANK, Berne, *from October 1.*

● Dr Roman Schoetz has succeeded Mr Constantin Georgiu as head of group marketing of HILTI AG, Liechtenstein.

● Mr Walter Isler is to become a manager of SWISS REINSURANCE COMPANY, Zurich, on January 1.

● Mr Richard C. Blum has been elected to the board of PHOTOGRAPHIC SCIENCES CORP., Rochester, New York. He is managing partner of Richard C. Blum Associates, vice-chairman of the URS Corpn, energy engineering service company, founder/chairman of the Mayor's financial advisory committee and the founder/co-chairman of the economic development council in San Francisco, California.

● Mr Philip M. Hampton, executive vice-president and head of the U.S. department, has been appointed to BANKERS TRUST, New York, management committee, and was named head of the banking function. He is succeeded by Mr Joseph A. Manganello Jr, who was elected an executive vice-president. Mr Ralph L. Macdonald, hitherto senior vice-president in charge of the employee benefit division of the fiduciary department, has become an executive vice-president, and was appointed head of the world corporate department. He succeeds Mr Carlos M. Canal Jr, executive vice-president, who was appointed head of a new administration function. Mr Macdonald is in turn succeeded by Mr John L. Murphy, formerly senior vice-president in the U.S. department.

Mr John Tritz, senior vice-president and deputy head of the resources management department, was elected an executive vice-president and named to succeed Mr Charles S. Sanford Jr as head of that department. Mr Sanford's election as president of the bank was announced last month and takes effect on January 1, 1983, upon the retirement of Mr John W. Hannon Jr.

● A. O. SMITH CORP., Milwaukee, has elected Mr Thomas I. Dolan as president and chief operating officer. He is currently senior vice-president of product divisions, and replaces Mr J. R. Parker, who was named vice-chairman. Mr Parker will retire in October.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	104½	105⅝	+0⅝	+1⅛	13.37
Amax Int. Fin. 16⅜ 92	75	98¾	99¼	+0½	+1¼	16.41
Amex O/S Fin. 14¼ 89	75	96	96½	+0⅛	+1⅛	15.13
ATT 14⅞ 89	400	104⅞	105¼	+0⅛	+1⅛	13.03
Baker Int. Fin. 0.0 92	225	26⅞	27⅜	0	+1	14.58
BHP Finance 14¾ 89	150	96⅞	97⅜	+0½	+1¼	15.48
Bk. Amer. NT SA 12 87	200	91½	92	0	+0⅞	14.48
Bk. Montreal 14½ 87	100	94¼	94¾	+0⅛	+0¼	16.18
Bque. Indo Suez 15 89	100	96½	97	+0⅛	+0⅛	15.77
British Col. Hyd. 14¾ 88	200	98⅜	99⅛	+0⅛	+1⅝	14.95
Burroughs Int. 15¾ 88	50	102⅜	102⅞	+0⅛	+1⅞	14.99
Canada 14⅜ 87	750	98⅜	98⅞	+0⅛	+0½	14.76
Canadair 15½ 87	150	100¾	101¼	+0⅛	+0⅛	15.11
Canadian Pac. 14⅜ 92	75	94½	95¼	+0⅛	+0⅛	15.63
Carolina Power 16½ 88	60	103¾	104½	+0⅛	+2⅞	16.38
CIBC 16 87	100	97⅞	98⅜	+0⅛	+0⅛	16.52
Citicorp O/S 15 84/92	100	99⅞	100⅜	+0⅛	+0⅛	14.77
Citicorp O/S 15½ 85/97	125	100⅜	100⅞	+0⅛	+0⅛	15.07
CNA 15⅞ 97	75	98¾	99¼	+0¼	+1⅞	16.01
Con. Illinois 15¾ 89	100	98⅜	98⅞	+0⅛	+0⅛	16.03
Duke Pwr. O/S 15½ 89	60	98⅝	99⅛	+0⅛	+2½	15.73
Dupont O/S Cap. 0.0 90	300	36	36½	+0⅛	+1⅜	14.39
ECSC 14⅞ 87 (April)	90	98⅜	98⅞	+0⅛	+0⅛	15.11
EIB 15½ 89	150	100	100½	+0⅛	+1	15.37
EIB 15½ 92	100	98⅜	98⅞	+0⅛	+0½	15.78
Ekaportfinans 14½ 89	50	98⅜	98⅞	+0⅛	+1⅜	14.85
Gen. Elec. Credit 0.0 92	400	28¼	28¾	0	+0⅛	14.02
Gen. Elec. Credit 0.0 93	400	25	25½	0	+1¼	13.91
Getty Oil Int. 14 89	125	100	100½	+0⅛	+2	13.90
GMAC O/S Fin. 16 88	150	102⅜	102⅞	+0⅛	+0⅞	15.18
GMAC O/S 15¾ 85/97	100	99	99½	0	+0⅛	15.50
GMAC O/S Fin. 15 88	125	99⅜	99⅝	0	+1⅜	15.11
GMAC O/S Fin. 15 87	100	100⅛	100⅝	+0¼	+0⅛	14.80
Gulf Canada Ltd 14¾ 92	100	97⅝	98⅛	+0⅛	+1⅜	15.14
Gulf Oil 14⅜ 94	175	99⅜	99⅞	−0⅛	+1⅜	14.28
Gulf Oil Fin. 0.0 92	300	27¾	28¼	−0⅛	+0⅛	14.17
Gulf States O/S 16 90	50	†98½	99	+3	+3¾	16.24
Int-Am. Dv. Bk. 15⅜ 87	55	98⅜	98⅞	+0⅛	+0⅛	15.44
Japan Dev. Bk. 15½ 87	50	103⅜	103¾	+0⅛	+1⅛	14.32
New Brunswick 15¾ 89	75	102½	102⅞	+0⅛	+0⅞	15.42
Ontario Hydro 14⅜ 89	150	99	99½	+0⅛	+0⅞	14.88
Pac. Gas & El. 15½ 89	45	102⅞	103⅜	+0⅛	+1⅜	14.88
Phillips Petrol 14 88	200	97½	98	+0⅛	+1½	14.50
R.J. Rynlds. O/S 0.0 92	400	27⅞	28⅛	+0⅛	+0⅛	14.28
Saskatchewan 16 89	125	102⅝	103⅛	+0⅛	+1	15.19
Shell Canada 14⅜ 92	125	96½	97	+0⅛	+0⅞	15.00
Spain 15¾ 87	100	99⅞	100⅜	+0¼	+1¼	15.63
Superior O/S Fin. 14 89	125	97⅛	97⅝	+0⅛	+2⅜	14.57
Swed. Exp. Cr. 15⅜ 89	100	99⅛	99⅝	0	+1⅜	15.31
Swed. Exp. Cr. 14¾ 50	100	95⅛	95⅝	+0⅛	+1⅜	15.75
Swed. Exp. Cr. 0.0 94	200	20⅛	20⅝	+0⅛	+0⅛	14.66
Texas Eastern 15⅜ 89	00	101⅜	101⅞	+0⅛	+0⅞	15.38
Union Carbide 14¾ 89	190	100⅜	100⅞	+0⅛	+1⅜	14.56
Wells Fargo I. F. 15 87	75	99⅛	99⅝	+0¼	+0⅞	16.12
World Bank 14⅜ 87	500	96⅞	97⅜	+0⅛	+0⅛	15.09
World Bank 15⅜ 88	250	100½	101	+0½	+0⅞	14.97

Average price changes... On day +0⅛ on week +1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9⅜ 92	150	98½	99	+0⅛	+0⅛	6.44
Australia 9⅜ 91	200	103⅜	103⅞	0	0	8.76
Austria 8⅜ 92	100	94⅞	95⅜	+0⅛	+0⅛	6.14
Barclays O/S In. 8⅞ 94	100	95⅞	96⅛	+0½	+0⅜	8.95
Bowater Int. Fin. 8½ 89	50	95⅝	96⅛	+0½	0	6.33
Canada 8½ 89	200	102⅝	103⅛	0	+0½	7.95
Comp. Tel. Esp. 10½ 92	100	100½	101	0	0	10.35
Cred. Foncier 8¾ 92	100	96⅝	97⅛	+0½	+0⅛	6.24
Denmark 10⅛ 92	100	102⅜	102⅞	−0⅛	+0⅛	8.67
EDF 9⅞ 92	100	100⅝	101⅛	−0½	+0⅛	9.73
EIB 8⅜ 92	100	94⅞	95⅜	+0⅛	+0⅛	9.16
Int.-Am. Dev. Bk. 9 92	150	97⅛	97⅝	+0¼	+0⅛	9.37
Nacnl. Financiera 11 90	150	97⅛	97⅝	+0½	+0⅛	11.51
Norsk Hydro 8½ 92	100	98⅜	98⅞	+0¼	+0⅛	8.71
Philips Lamps 8½ 92	100	98⅞	99⅜	+0½	+0⅛	8.65
Philip Morris 8⅜ 90	100	100⅛	100⅝	+0½	+0⅛	8.17
Quebec 10½ 92	150	102⅝	103	+0⅛	+0⅛	9.67
Renfe 10 92	100	99⅞	100⅜	0	+0¼	8.97
SNCF 8⅞ 92	100	96⅛	96⅝	+0⅛	+0½	9.17
Tauernautobahn 9⅞ 94	50	102⅛	102⅝	+0⅛	+0⅛	9.49
Tenneco Int. 9 92	100	98⅞	98⅞	0	+0⅛	9.25
World Bank 9½ 89	100	100⅞	101⅜	0	+0¼	9.27
World Bank 8½ 92	200	95⅝	96⅛	+0⅛	+0⅛	9.16

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6⅞ 92	100	101⅛	101⅜	−0¼	+0¼	6.07
Asian Dev. Bank 7 92	100	101⅞	102⅛	0	0	6.71
Aucalsa 7¾ 92	80	99½	99⅞	0	+1	7.80
Australia 6½ 94	100	104½	104¾	−0⅛	−0¼	5.94
BNP 6¾ 92	100	98⅜	98⅝	0	+0⅛	7.00
Cse. Nat. l'Energie 7 92	100	101	101¼	−0¼	+0⅛	6.83
CFE-Mexico 8¼ 92	50	†94½	94¾	+0½	−2⅛	8.09
Co-op. Denmark 8⅜ 92	25	105½	105¾	+0⅛	+0¼	7.52
Crown Zellerbach 6½ 92	100	99½	99¾	+0⅛	−0¼	6.80
Europarat 7¼ 92	100	†101¾	102	−0⅛	+0⅞	6.97
Ind. Fund Finland 6½ 92	30	99⅜	99⅝	−0⅛	+0⅛	6.98
Japan Dev. Bank 6 94	100	100½	100¾	0	0	6.92
Kobe City 6⅝ 92	100	101⅜	101⅝	+0¼	+0½	5.95
Kommunlane 7¼ 92	35	100⅜	101⅛	0	−0⅛	7.12
Lonrho Int. Fin. 7½ 92	80	95⅛	95⅜	0	0	8.22
Mitsui OSK 6½ 92	100	100	100¼	0	−0⅛	6.48
Nafinsa 8¾ 92	80	93½	93¾	−0⅛	−0⅛	9.26
New Zealand 8 92	100	101⅜	102	+0⅛	+0⅛	5.74
Philip Morris 6⅞ 92	100	105⅛	105⅜	+0⅛	+0⅛	5.89
Philip Morris 6⅞ 94	100	103⅛	103⅜	+0⅛	+1⅞	6.86
Renfe 7½ 92	80	99	99¼	+0⅛	+1⅛	7.88
Sekisui Pre. 5¾ 92 WW	70	104⅞	105⅛	+0⅛	+0⅛	5.08
Soc. Lux. de Cnt. 8¼ 92	80	106	106⅛	+0⅛	+0⅛	7.09
Svenska Handels. 6⅞ 92	100	98⅛	98⅜	+0⅛	+0⅛	7.00
Tiroler Wasser 6⅞ 92	100	98⅛	98⅝	+0⅛	+1⅛	6.35
Vorarlberg Kraft 6⅞ 92	50	102½	102⅞	−0⅛	−0⅛	6.37

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8⅜ 92	15	97⅞	98½	+0½	+0⅛	8.53
Int.-Amer. Dev. 8⅞ 91	15	101⅛	102⅛	0	+0⅛	8.60
Japan Airlines 7⅞ 87	9	95⅜	96	+0⅛	+0⅛	9.06
New Zealand 8⅞ 87	15	99⅝	100⅛	+0⅛	+0½	8.30
World Bank 8⅜ 92	20	98⅜	99½	0	0	8.50

Average price changes... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 88 C$	100	†97⅝	98½	+0⅛	+0⅛	16.49
Can. Pac. S. 16⅛ 88 C$	50	†97¼	98¼	−0¼	−0⅛	16.83
Crd. Foncier 17⅛ 89 C$	30	†98⅜	99⅜	0	+0⅛	17.32
Gaz Metro. 17¼ 90 C$	20	†98	98⅞	0	+0⅛	17.58
OKB 16⅜ 89 C$	63	†98⅜	98⅞	+0⅛	+1	16.64
Q. Hyd. 16½ 89 (My) C$	60	†100	100½	+0⅛	+1	16.39
Quebec Prov. 16½ 89 C$	50	†100	100½	+0½	+1	16.40
U. Bk. Nwy. 9½ 90 EUA	18	92⅝	94	+0⅛	+0⅛	10.80
Amro Bank 10 87 Fl	150	100⅜	100⅞	+0⅛	+0⅛	9.81
Bk. Mees & H. 10 87 Fl	75	99⅜	100⅜	+0⅛	+1	9.98
Eurofima 10⅛ 89 Fl	50	†101	101½	+0⅛	+0⅛	10.21
Ireland 10⅛ 87 Fl	75	98⅜	99⅛	−0⅛	+0⅛	10.78
Phil. Lamps 10⅛ 87 Fl	100	101	101½	+0⅛	−0⅛	9.88
World Bank 10 87 Fl	150	99	99½	+0⅛	+0⅛	10.18
OKB 14 88 FFr	400	92⅞	93⅞	0	+0⅛	16.50
Solvay et C. 14¾ 86 FFr	200	92⅞	93⅞	0	+0⅛	17.24
Beneficial 14⅜ 90 £ (D)	20	89½	90½	+0⅛	+1⅛	16.47
BFCE 14½ 87 £	30	100⅞	101⅜	+0⅛	+1⅛	14.11
BNP 13½ 91 £	15	96	97	+0⅛	+1	14.16
CECA 13½ 88 £	20	97	97⅝	+0⅛	+1⅜	14.12
Fin. Ex. Cred. 13¼ 86 £	15	98⅛	99⅛	+0⅛	+0⅛	14.05
Gen. Elec. Co. 12½ 89 £	50	95⅛	96⅛	+0⅛	+1	13.50
Hiram Walker 14⅜ 86 £	25	99⅜	100⅜	+0⅛	+0⅛	14.27
Norsk Hydro. 14½ 87 £	30	100⅞	101⅜	+0⅛	+1⅜	14.12
Privatbanken 14½ 88 £	13	97⅞	98⅞	−0⅛	+0⅛	14.89
Quebec 15½ 87 £	35	103⅝	104⅛	+0⅛	+1⅜	14.21
Reed (Nd) NV 16⅜ 89 £	25	106⅝	107⅛	+0⅛	+1¼	15.00
Royal Trustco 14 86 £	12	99⅝	100⅝	+0⅛	+0⅛	13.87
SDR France 15½ 92 £	30	101⅜	102⅞	+0⅛	+0⅞	15.02
Swed. Ex. Cr. 13⅜ 86 £	20	99⅞	99⅞	+0⅛	+0⅛	13.86
Eurofima 10⅛ 87 LuxFr	500	96⅞	97⅜	+0⅛	+0⅞	11.36
EIB 9¾ 88 LuxFr	600	92⅞	93⅞	0	+0⅛	11.44

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅛ 92	0¼	98⅛	98⅞	15/10	15.69	15.91
Bk. of Tokyo 5⅛ 91 (D)	0⅛	99⅜	99⅞	8/12	15⅛	15.31
Bk. Nova Scotia 5⅛ 93	0¼	98⅜	98⅞	29/10	15⅛	15.28
BFCE 5⅛ 88	0⅛	99⅛	99⅝	28/10	16	15.09
BFCE 5⅛ 87	0¼	99⅜	99⅞	27/7	16⅛	16.31
Caisse Nat. Tele. 5⅛ 90	0⅛	99⅛	99⅝	21/10	15⅞	15.83
CCCE 5¼ 2002	0¼	98⅜	98⅞	11/12	15⅝	16.59
CEPME 5¼ 92	0½	99⅛	99⅝	10/12	15.44	15.52
Chemical NY 5¼ 94	‡0¼	99⅛	99⅞	23/9	16.69	16.75
CIBC 5¼ 94	0¼	98⅛	98⅝	15/1	15⅛	15.48
Cont. Illinois 5¼ 94	‡0¼	98⅜	98⅞	24/9	16⅜	16.60
Credit Agricole 5¼ 97	0¼	99⅜	99⅞	24/9	15.44	15.50
Credit du Nord 5¼ 92	0¼	99⅝	100⅛	23/12	16.81	13.83
Credit Lyonnais 5¼ 87	0¼	99⅜	99⅞	1/10	16	16.06
Credit Lyonnais 5¼ 94	0¼	100⅛	100⅝	1/1	16.94	16.83
Credit Nat. 5¼ 94	‡0¼	98⅜	98⅞	3/9	14.69	14.86
Ireland 5⅛ 89/94	0¼	†98⅛	98⅝	25/11	14⅞	14.97
Kansallis Osake 5¼ 92	0¼	99⅛	99⅝	6/11	15.31	15.39
Lloyds Eurofin 5¼ 93	§0⅛	99⅛	99⅝	29/10	17⅛	17.19
Long Term Cred. 5¼ 92	0¼	98⅜	98⅞	29/11	14⅞	14.81
J. P. Morgan 5¼ 87	§0¼	99	99½	12/8	14⅝	14.74
Nat. West. Fin. 5⅛ 91	§0⅛	99⅛	99⅝	15/1	15⅛	15.31
New Zealand 5⅛ 87	0⅛	99⅜	100⅛	7/10	15.56	15.58
Nippon Credit 5⅛ 90	0¼	99⅛	99⅝	10/8	16.06	16.18
Offshore Mining 5¼ 91	0⅛	99⅛	99⅝	2/12	14.18	14.28
PKbanken 5 91	0¼	99⅛	99⅝	17/12	15.81	15.89
Scotland Int. 5¼ 92	0⅛	98⅝	99⅛	23/9	15⅜	15.55
Sec. Pacific 5¼ 91	0⅛	99⅛	99⅝	24/11	15	15.08
Societe Generale 5⅛ 95	0⅛	99⅛	99⅝	1/9	15.31	15.41
Standard Chart. 5¼ 91	0⅛	99⅜	99⅞	18/11	14⅞	15.04
Sweden 5¼ 89	0⅛	99⅛	99⅝	26/8	15.31	15.39
Toronto Domin'n 5¼ 92	0¼	98⅛	98⅝	11/8	16⅜	16.62

Average price changes... On day +0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5½ 96	7/81	933	88	89½	+0⅛	5.48
Bow Valley Inv. 8 95	4/81	23.12	95	96½	−0¼	59.88
Bridgestone Tire 5½ 96	3/82	470	87	88½	+0¼	2.10
Canon 6⅜ 95	1/81	736.3	89⅛	91⅛	+3	7.72
Canon 7 97	7/82	748.2	98½	100⅛	+2⅜	4.14
Chugai Pharm. 7¼ 96	7/82	709.6	105½	107	+1½	4.67
Fujitsu Fanuc 4½ 96	10/81	5641	86½	88½	+3⅛	19.29
Furukawa Elec. 5¾ 96	7/81	300	90	91½	0	−7.95
Hitachi Cable 5¾ 96	2/82	515	86½	88	+0½	5.06
Hitachi Cred. Cpn. 5 96	7/81	1612	75⅛	77¼	+0⅛	14.11
Honda Motor 5½ 97	3/82	841	88⅞	89⅞	+1⅞	9.83
Kawasaki 5½ 96	9/81	229	64⅛	66⅜	−0⅛	19.00
Marui 6 96	7/81	848.4	100½	102	+1⅛	7.35
Minolta Camera 5 96	10/81	826.4	82½	84½	+1⅛	37.88
Minorco 9¾ 97	5/82	8.16	†85½	87½	+1½	11.28
Murata 5¾ 96	7/81	2168	70⅛	71⅛	+1⅛	41.28
NKK 6½ 96	7/81	188	76⅛	77⅛	+1⅛	−18.12
Nippon Chemi-C. 5 91	10/81	919	†61	63	[illegible]	25.56
Nippon Electric 5½ 97	2/82	846	93⅛	95⅛	+1⅞	12.78
Orient Finance 5¾ 97	3/82	1205	90⅛	91⅞	+2⅛	8.12
Sanyo Electric 5 96	10/81	652	65⅛	67	+0⅛	16.52
Sumitomo Elec. 5½ 97	3/82	677.3	88⅛	90⅛	+0⅛	5.69
Sumitomo Met. 5½ 96	10/81	296.1	61¼	63	+0⅛	36.83
Swiss Bk. Cpn. 6¾ 90	9/80	191	79½	75⅛	−0⅛	26.75
Konishiroku 6 90 DM	2/82	585	96	97	−3½	5.61
Mitsubishi H. 6 89 DM	2/82	263	98	99	0	33.96

EUROBOND TURNOVER (nominal value in $m)	Cedel	Euro-clear
U.S. $ bonds		
Last week	5,438.7	6,977.9
Previous week	5,218.1	8,785.5
Other bonds		
Last week	698.8	391.2
Previous week	1,216.8	387.9

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Bankers Trust International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on July 23

WORLD STOCK MARKETS

NEW YORK

1982 High	1982 Low	Stock	July 23
40⅞	30	ACF Industries	30¾
27½	14½	AMF	15¾
28½	23¾	ARA	28½
44⅝	25¼	ASA	32½
20	11⅞	AVX Corp	17¼
32⅝	25⅝	Abbot Labs	30⅞
24⅛	17	Acme Cleve	18⅛
61	13⅝	Adobe Oil & Gas	15⅝
27⅛	15¼	Advanced Micro	27⅛
47⅞	33⅛	Aetna Life & Cas	36
14⅞	8⅛	Ahmanson (H.F.)	9⅝
37⅝	26½	Air Prod & Chem	28⅝
13⅝	8¼	Akzona	15⅝
27	24¼	Albany Int	25
16	11	Alberto-Culv	12⅞
35½	24¾	Albertson's	35½
23⅛	16	AlcanAluminium	19⅝
22	17¼	Alco Standard	20¼
30¼	23¾	Alexander & Al	25½
35½	21⅛	Allegheny Int	21¼
45⅛	29¼	Allied Corp	32⅝
31⅝	24¾	Allied Stores	27¾
15⅞	10¾	Allis-Chalmers	10¾
14¼	9⅝	Alpha Portd	14¼
22⅞	22	Alcoa	24⅝
54	39⅞	Amal. Sugar	52
46¼	12½	Amax	21⅛
28¼	17¾	Amdahl Corp	20⅝
34½	10¼	Amerada Hess	17¼
18¾	2⅝	Am. Airlines	16
44	35⅝	Am. Brands	39¾
41⅝	12½	Am Broadcast'g	41
35⅝	26⅞	Am Can	27⅝
28½	24⅝	Am. Cyanamid	22
12¼	11⅛	Am. Elect. Powr.	16¾
50	36¾	Am. Express	40

HOLLAND

1982 High	1982 Low	July 23	Price Fls
87.5	69	ACF Holding	20.7
87.4	60	Ahold	86.4
31.2	22.8	AKZO	25.0
304	270	ABN	273
23.7	78.0	AMEV	86.0
56	44.7	AMRO	44.7
204.6	153.5	Bredero Cert	153.5
70	37	Boskalis Westm.	40
47.5	35.2	Buhrmann-Tet	35.2
37	22	Caland Hldgs	28.0
151.5	131.2	Elsevier-NDU nv.	154.5
161	106	Ennia	126
75.7	69	EuroCom Tst	74.5
75.6	51.5	Gist.-Brocades	75.6
63.7	47.5	Heineken	50.0
12.3	13.8	Hoogovens	15.5
6	8.0	Hunter Douglas	8.4
25.7	17.6	Int-Muller	18.3
115.5	25	KLM	86.0
30.4	20	Naarden	24.7
112.8	104	Nat Ned Cert	115.0
57.3	25	Ned Cred Bank	29.2
147.5	109.5	Ned Mid Bank	109.5
140	108	Nedlloyd	109.5
120.2	68.0	Oce Grinten	120
40.3	20.9	Ommeren (Van)	21.4
45.4	37.5	Pakhoed	38.2
30.5	20.3	Philips	23.2
38	21.5	Rijn-Schelde	24.1
222.5	122.9	Robeco	202.7
125.3	112.2	Rodamco	123.5
917.6	188.9	Rolinco	198.3

HONG KONG

1982 High	1982 Low	July 23	Price HK$
22.5	14.4	Cheung Kong	15.10
2	1.55	Cosmos Prop	1.70
11.7	10	Cross Harbour	10.6
130	85	Hang Seng Bank	82.0
6.7	4.67	HK Electric	5.4
2.95	4.07	HK Kowloon Wh.	4.65
9.05	6.46	HK Land	7.6
12.2	9.8	HK Shanghai Bk.	11.0
34.25	20.2	HK Telephone	33.0
18.5	13.5	Hutchison Wpa	16.7
18.8	12.5	Jardine Math	17.9
6.15	5.5	New World Dev.	3.97
6.36	4.7	O'seas Trust Bk.	5.7
2.2	6.5	SKH Props	7.2
12.6	2.85	Swire Pac A	11.8
6.9	4.2	Wheel'k Mard A.	5.85
5.2	4.0	Wheel'k Mariti'e	4.05
3.26	2.27	World Int. Hldgs.	2.77

JAPAN

1982 High	1982 Low	July 23	Price Yen
949	725	Ajinomoto	216
720	480	Amada	601
713	456	Asahi Glass	471
452	522	Bridgestone	428
1,010	543	Canon	730
337	258	Citizen	285
558	600	Daiei	605

CURRENCIES, MONEY and GOLD

MONEY MARKETS — BY COLIN MILLHAM

A tidal wave in the City

Dealers in the London money market know that they start today needing to find over £1bn from somewhere, and conditions are unlikely to get much easier during the rest of the week. Hopes of further cuts in clearing bank base rates led to some very bullish trading last week, of which the Government Broker took full advantage, selling large amounts of gilt edged stock. Today's settlement of Friday's gilt sales, coupled with the unwinding of bill repurchase agreements totalling £813m, will be followed by maturing repurchase orders of £586m on Tuesday; £538m on Wednesday; and £584m on Friday. This rolling forward of about £2bn in debt is a clear indication of the discount houses' view of the immediate trend in interest rates.

Two things encouraged them in the belief that base rates are set to fall again. Firstly the Bank of England cut its dealing rates with the market in all bands, including rates for the important short-dated band 1 bills. Secondly the U.S. M1 money supply figures for the previous week were not as bad as expected, and Eurodollar and U.S. domestic rates fell significantly.

Against this background the discount houses became very reluctant sellers of their high yielding paper, despite some very large credit shortages last week. Conditions were very tight last Monday, largely because of the drain caused by the call on 12½ per cent Treasury Convertible stock, and succeeding days were little better. With the houses refusing to sell bills outright, and bullish sentiment growing by the day, a tidal wave of debt is now rolling up Threadneedle Street.

The situation would clearly be helped if National Westminster Bank, the market leader in these matters, could oblige by cutting a point or two from its base lending rate this morning. But nobody seems to have asked the clearers what they think about losing more deposits to the building societies and National Savings, although very tight call and seven-day interbank money should give the banks an excuse not to move too quickly. In the latter part of last year the building societies were suffering from rising bank deposit rates, but now the boot is very much on the other foot.

WEEKLY CHANGE IN WORLD INTEREST RATES

	July 23	change
LONDON		
Base rates	19	Unch'd
7 day interbank	12⅝-13⅛	+⅛
3 mth interbank	11 15/16-12 3/16	−⅛
Treasury Bill Tender	11.2083	−0.4259
Band 1 Bills	16 1/16	−⅛
Band 2 Bills	11⅞	−⅛
Band 3 Bills	11 11/16	−⅛
3 Mth. Treasury Bills	11⅝	−⅝
1 Mth. Bank Bills	11⅞	−⅛
3 Mth. Bank Bills	11⅝-11 9/16	−⅛
TOKYO		
One month Bills	7.34375	−0.0625
Three month Bills	7.28125	Unch'd
BRUSSELS		
One month	14⅝	−⅛
Three month	14⅛	−⅝
AMSTERDAM		
One month	8 11/16	−⅛
Three month	8 11/16	−1/16

	July 23	change
NEW YORK		
Prime rates	16	−½
Federal funds	10½-10¾	−2
3 mth Treasury Bills	10.32	−0.98
9 Mth. Treasury Bills	11.03	−0.77
3 Mth. C D	11.90	−2.35
FRANKFURT		
Lombard	2.0	Unch'd
One Mth. Interbank	9.30	−0.10
Three month	2.375	−0.075
PARIS		
Intervention Rate	14¾	Unch'd
1 Mth. Interbank	14⅝	−⅛
Three month	14 3/16	−⅛
MILAN		
One month	12 11/16	−⅛
Three month	20 7/16	Unch'd
DUBLIN		
One month	17⅞	−½
Three month	18 1/16	−⅛

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. * Band 4 11½.

BANK OF ENGLAND TREASURY BILL TENDER

	July 23	July 16		July 23	July 16
Bills on offer	£100m	£100m	Top accepted rate of discount	11.6308%	11.6519%
Total of applications	£469.485m	£565.76m	Average rate of discount	11.2083%	11.6332%
Total allocated	£100m	£100m	Average yield	11.55%	11.98%
Minimum accepted bid	£97.26	£97.096	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	44%	50%			

FT LONDON INTERBANK FIXING

3 months U.S. dollars: bid 16 15/16 — offer 12 15/16

6 months U.S. dollars: bid 13 11/16 — offer 13 15/16

The fixing rates (July 23) are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 23 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	10-13¼	16¼-12¾	—	—	16¼-19¾	10-12½	—	—	—
2 days notice	—	—	12⅝-12½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅝-15⅛	12⅝-12½	—	—	12¾-13	12-12⅛	—	—	—
One month	12 7/16-12 5/16	12¼-12⅛	12⅛	12⅞-12¾	12¼	16⅝-12¾	11¾	11 11/16-11⅞	11⅞	12⅝
Two months	12 5/16-12 3/16	12 5/16-12 3/16	—	12½-12¼	12⅛	12⅝	11½	11 9/16-11⅝	11⅝	12¼
Three months	12-11⅞	11 15/16-12 3/16	12	12⅝-12⅛	12⅛	12⅝	11⅝	11⅝	11⅝-11 9/16	12⅛
Six months	11 13/16-11 11/16	11 13/16-12 5/16	12	11¼-11	12⅛	—	—	—	11⅝	11¾
Nine months	11 13/16-11 11/16	12-12⅛	—	12⅛-11⅞	12⅛	—	—	—	—	—
One year	11 13/16-11 11/16	12-12⅛	12	12-11¾	12⅛	—	—	—	—	—
Two years	—	—	12	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice others seven days fixed. Long-term local authority mortgage rates, nominally three years 13 per cent; four years 13 per cent; five years 13¼ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅝ per cent; four months trade bills 12⅛ per cent.

Approximate selling rate for one month Treasury bills 11⅝ per cent; two months 11½ per cent; three months 11⅜ per cent. Approximate selling rate for one month bank bills 11 23/32-11⅝ per cent; two months 11½ per cent and three months 11¼ per cent; one month trade bills 12⅝ per cent; two months 12 per cent; three months 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12 per cent. London Clearing Bank Deposit Rates for sums at seven days notice 9 per cent. Treasury Bills: Average tender rates of discount 11.2083 per cent. Certificates of Tax Deposit (Series 6) 12¾ per cent from July 21. Deposits withdrawn for cash 16 per cent.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅞-13⅛	10¾-11	18-19	8 11/16-8 13/16	1-6	8⅝-8¾	14½-15	17-19	13½-15	15¾-14¼	5⅝-6⅝	9¾-16¼
7 day's notice	12⅞-13⅛	11-11¼	17½-19½	8 11/16-8 13/16	6¼-5¾	8⅝-8¾	14½-14⅞	18⅜-20	13½-15	14¼-14½	5⅝-6¾	9-10½
Month	12¼-12⅜	11¾-12	16-16¼	8 11/16-8 13/16	3⅜-3½	8 11/16-8 13/16	14⅝-15	19-16¾	15¾-14⅜	14½-14¾	6 11/16-6 13/16	11-19½
Three months	11 15/16-12 1/16	12⅝-16⅞	15⅝-16⅞	8¾-8⅞	3¾-3⅞	8¾-8⅞	18⅜-13⅞	12⅞-20½	13¾-14¾	14⅝-14⅞	7⅛-7¼	13 15/16-14 3/16
Six months	16 1/16-12 3/16	13⅝-13⅞	15-15¼	2-9⅛	5 1/16-3 3/16	8 13/16-9 1/16	15½-17	20½-21	14⅜-13⅜	14½-14¾	7⅜-7½	15⅝-17⅜
One Year	12⅛-12¼	13⅞-14⅛	16-16¼	9¼-9 7/16	5 1/16-5 3/16	9 9⅛	17¼-17¾	20⅛-21¾	14½-16½	14⅜-14⅝	7⅛-7¼	17-19½

SDR linked deposits: one month 10⅞-11¼ per cent; three months 11½-11⅞ per cent; six months 12 1/16-12 7/16 per cent; one year 12¼-12⅝ per cent.

ECU linked deposits: one month 11 7/16-11 13/16 per cent; three months 11 13/16-12 3/16 per cent; six months 12⅛-12½ per cent; one year 12 7/16-12 13/16 per cent.

Asian $ (closing rates in Singapore): one month 12⅛-12½ per cent; three months 12 13/16-13 3/16 per cent; six months 13¼-13⅞ per cent; one year 14 1/16-14 5/16 per cent. Long-term Eurodollar: two years 14½-14¾ per cent; three years 14⅝-14⅞ per cent; four years 14⅝-14⅞ per cent; five years 14¾-15 per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one months 11.80-12.00 per cent; three months 12.40-12.60 per cent; six months 13.10-13.20 per cent; one year 13.10-13.30 per cent.

CURRENCIES AND GOLD

Dollar weakens

The dollar fell sharply last week in reaction to the much smaller than expected mid-July M1 money supply "bulge." This led to a sharp reduction in Eurodollar rates, followed by a much lower level for the Federal funds overnight rate, and a cut of ½ per cent to 16 per cent in bank prime lending rates. The reduction of ½ per cent to 11½ per cent in the Federal Reserve discount rate was something of a disappointment on Monday, but the statement to Congress of Mr Paul Volcker, chairman of the Federal Reserve was generally regarded as encouraging, despite the lack of any relaxation in money supply targets.

On Bank of England figures, the dollar's trade-weighted index fell to 118.3 from 121.0 during the week. The U.S. currency also fell to DM 2.3950 from DM 2.4775 against the D-mark; to FFr 6.6725 from FFr 6.8550 against the French franc; to SwFr 2.02 from SwFr 2.1025 in terms of the Swiss franc; and to Y249.00 from Y254.00 against the Japanese yen.

Sterling's index, according to the Bank of England, rose slightly to 91.0 from 90.8.

This was a reflection of the pound's improvement against the dollar, rather than its much weaker performance against Continental currencies. During last week sterling rose to $1.7640 from $1.7225, but fell to DM 4.2250 from DM 4.27; to FFr 11.77 from FFr 11.8550; and to SwFr 3.5650 from SwFr 3.6250.

The European Monetary System had another quiet and uneventful week. The Belgian authorities took advantage of the stability of the Belgian franc, and the lower trend in U.S. rates, to cut domestic interest rates. The two members with the greatest potential strength, the D-mark and Dutch guilder continued to pose no threats, remaining at the bottom of hte system.

Gold came back into favour as U.S. interest rates declined. It showed a steady, if unspectacular rise on Monday and Tuesday, influenced by events in the U.S., but then rose sharply by $16 on Wednesday, only to lose most of this gain the following day. The overall trend remained firm however, with the metal ending the week at $363¾, compared with $345 on the previous Friday.

THE DOLLAR SPOT AND FORWARD

July 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7530-1.7660	1.7635-1.7645	0.05c pm-0.05 dis	—	0.43-0.53dis	−1.09
Ireland†	1.4290-1.4360	1.4310-1.4340	0.57-0.47c pm	4.36	1.50-1.30 pm	3.92
Canada	1.2535-1.2565	1.2540-1.2550	0.46-0.48c dis	−4.54	0.88-0.91dis	−2.85
Nethlnd.	2.6510-2.6670	2.6530-2.6560	0.77-0.67c pm	3.25	2.75-2.65 pm	4.07
Belgium	45.74-45.95	45.81-45.83	8-10c dis	−2.36	13-16 dis	−1.27
Denmark	8.3100-8.3600	8.3100-8.3150	0.76-0.50ore pm	6.90	6.15-0.85dis	−0.19
W. Ger.	2.3930-2.4180	2.3945-2.3955	0.87-0.82pf pm	4.23	2.40-2.36 pm	3.97
Portugal	82.50-83.75	82.60-82.85	40-110c dis	−13.08	90-350dis	−10.63
Spain	109.25-109.75	109.65-109.85	50-60c dis	−6.02	175-195dis	−6.75
Italy	1,347-1,354	1,349-1,350	7½-8½ lire dis	−7.22	22¾-24 dis	−6.89
Norway	6.2210-6.2500	6.2250-6.2300	2.60-3.00ore dis	−5.39	4.65-5.20dis	−3.16
France	6.6650-6.7300	6.6700-6.6750	1.60-1.95c dis	−3.19	4.70-5.10dis	−2.93
Sweden	5.9875-6.0140	5.9975-5.9925	1.60-1.80ore dis	−3.40	4.20-4.40dis	−2.88
Japan	248.95-250.90	248.95-249.05	1.12-1.04y pm	5.20	3.49-3.36 pm	5.51
Austria	16.86-16.94	16.89½-16.87½	6.10-4.80gro pm	3.87	19¼-16¾ pm	4.32
Switz.	2.0130-2.0490	2.0195-2.0205	1.56-1.46c pm	9.01	4.41-4.31 pm	8.21

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

July 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7530-1.7660	1.7635-1.7645	0.05c pm-0.05 dis	—	0.43-0.53dis	−1.09
Canada	2.2040-2.2160	2.2145-2.2155	0.38-0.28c dis	−4.20	2.17-2.27dis	−4.01
Nethlnd.	4.66½-4.70½	4.69½-4.70½	1¾-½c pm	3.20	3¾-2¾ pm	2.98
Belgium	80.50-81.10	80.75-80.85	10-20c dis	−2.23	46-56 dis	−2.52
Denmark	14.86-14.72	14.68-14.70	1½-¼ore pm	6.6	4¾-4¾ dis	−1.81
Ireland	1.2280-1.2380	1.2300-1.2310	0.37-0.49p dis	−4.16	1.51-1.65dis	−5.05
W. Ger.	4.21½-4.23¼	4.22-4.23	1¾-½pf pm	3.15	3¾-2¾ pm	2.84
Portugal	145.25-147.25	145.50-146.00	70-220c dis	−11.92	210-725dis	−12.88
Spain	192.60-193.50	192.90-193.10	10-40c dis	−1.55	46-170dis	−2.24
Italy	2,377-2,389	2,381-2,382	13-15 lim dis	−7.05	46-49 dis	−7.98
Norway	10.96-11.01	10.98½-10.99½	4¾-5⅞ore dis	−5.80	12¾-13¾dis	−4.62
France	11.75½-11.82½	11.76½-11.77½	1½-3¼c dis	−2.55	11-13 dis	−4.08
Sweden	10.55-10.61	10.58-10.59	2¾-3¼ore dis	−3.12	8¼-8¾ dis	−3.19
Japan	438-443	439-440	2.10-1.90y pm	3.46	5.10-4.90 pm	4.55
Austria	29.70-29.95	29.80-29.85	11¾-7¾gro pm	3.82	26¾-18¾ pm	3.03
Switz.	3.55½-3.60½	3.56-3.57	3-2¼c pm	6.26	7¼-7 pm	5.13

Belgian rate is for convertible francs. Financial franc 86.10-86.20. Six-month forward dollar 1.50-1.60c dis, 12-month 3.05-3.20c dis.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.7640	1.7640	1.7688	1.7796	1.7962
D-Mark	4.2250	4.2067	4.1950	4.1680	4.1150
French Franc	11.77	11.7950	11.89	12.0515	12.3873
Swiss Franc	3.5650	3.5375	3.4925	3.4483	3.3384
Japanese Yen	439.50	437.82	434.49	430.08	420.49

GOLD MARKETS

	July 23		July 22	
Gold Bullion (fine ounce)				
Close	$363¼-364¼	(£206½-207)	$352-333	(£201¾-202¼)
Opening	$364-353	(£207¼-207¾)	$333¾-356¾	(£203¾-204¼)
Morning fixing	$363.75	(£202.442)	$358.25	(£203.078)
Afternoon fixing	$363.25	(£205.268)	$353	(£203.051)

Gold Coins July 61

Krugrnd	$364½-375	(£212½-213)	King Sov	$90-22	(£51½-52)
½ Krug	$125-194	(£109½-116¼)	Victoria Sov	$90-92	(£51½-52)
¼ Krug	$22½-99½	(£56-56½)	French 20s	$78-80½	(£44¾-46¼)
1/10 Krug	$46-41	(£22¾-93¼)	50 pesos Mex.	$434½-458	(£249-251)
Mapleleaf	$374¼-375¼	(£212½-213)	100 Cor. Aust	$347¼-349¾	(£199-200½)
New Sov	$86½-87	(£46-42½)	$20 Eagles	$395-405	(£226¼-232)

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	44.9654	−0.03	−0.08	±1.5501
Danish Krone	8.23480	8.17705	−0.69	−0.74	±1.6430
German D-Mark	2.33379	2.35572	+0.94	+0.89	±1.0888
French Franc	6.61387	2.55734	−0.85	−0.90	±1.3940
Dutch Guilder	2.57971	2.60515	+0.99	+0.94	±1.5004
Irish Punt	0.691011	0.685679	−0.77	−0.82	±1.6691
Italian Lira	1350.27	1324.82	−1.88	−1.88	±4.1363

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

July 23	£	$		£ Note Rates
Argentina Peso	56,660†	20,800†	Austria	29.76-30.60
Australia Dollar	1.7520-1.7570	0.9920-0.2950	Belgium	86-87
Brazil Cruzeiro	315.0-319.0	178.57-179.46	Denmark	14.92-14.76
Finland Markka	8.61-8.66	4.6500-4.6620	France	11.79-11.82
Greek Drachma	117.699-121.291	67.30-67.80	Germany	4.21-4.25
Hong Kong Dollar	16.28½-10.36	6.84-5.95	Italy	9365-2595
Iran Rial	*146.50	*84.40	Japan	439-444
Kuwait Dinar (KD)	0.5036-0.5043	0.2860-0.2869	Netherlands	4.95½-4.69⅛
Luxembourg Fr.	80.75-80.85	45.81-45.83	Norway	16.92-11.02
Malaysia Dollar	4.09-4.16	2.3250-2.3280	Portugal	144-159
New Zealand Dlr.	2.5576-2.5590	1.3405-1.3426	Spain	186-165
Saudi Arab. Riyal	5.0540-5.0620	3.4380-3.4400	Sweden	16.53-10.63
Singapore Dollar	3.7285-3.7385	6.1180-9.1210	Switzerland	3.56-3.59
Sth. African Rand	1.2270-1.2983	1.1320-1.1336	United States	1.73½-1.77⅛
U.A.E. Dirham	6.4655-6.4730	3.6715-3.6746	Yugoslavia	95-101

† Rate shown for Argentina is commercial. Financial rate; 68,673-68,712 against sterling 38,950-39,000 against dollar. * Selling rate.

CURRENCY MOVEMENTS

July 23	Bank of England Index	Morgan Guaranty Changes %
Sterling	91.0	−32.0
U.S. dollar	118.3	+10.4
Canadian dollar	87.0	−19.7
Austrian schilling	118.5	+27.0
Belgian franc	95.8	−9.3
Danish kroner	82.6	−14.0
Deutsche mark	128.8	+51.8
Swiss franc	147.8	+99.2
Guilder	116.8	+25.4
French franc	74.4	−18.8
Lira	54.0	−58.1
Yen	133.9	+28.3

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 23	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.625384	0.556791
U.S. $	11½	1.10394	0.981344
Canadian $	15.60	*	1.223061
Austria Sch.	9¾	18.6345	15.6798
Belgian F	14	50.6045	44.9964
Danish Kr.	11	9.20520	8.17705
D mark	7½	2.64846	2.36572
Guilder	8	2.93262	2.60516
French F.	9½	7.37432	6.95734
Lira	16	1490.32	1324.82
Yen	5½	277.255	244.747
Norwgn. Kr.	8	6.89521	6.11623
Spanish Pta.	8	126.759	167.359
Swedish Kr.	10	6.63358	5.88759
Swiss Fr.	6½	2.23382	1.98675
Greek Dr'ch	20½	74.7909	66.4763

* C$/SDR rate for July 22: 1.38204.

EXCHANGE CROSS RATES

July 23	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.764	4.225	439.3	11.77	3.565	4.690	2382.	2.215	80.80
U.S. Dollar	0.567	1.	2.323	242.1	6.672	2.021	2.669	1350.	1.256	45.80
Deutschemark	0.237	0.416	1.	104.0	2.786	0.844	1.110	563.7	0.524	16.12
Japanese Yen 1,000	2.275	4.014	6.513	1000.	26.76	8.111	10.67	5419.	5.040	183.8
French Franc 10	0.850	1.499	3.590	373.4	10.	3.029	5.985	2023.	1.882	68.65
Swiss Franc	0.281	0.423	1.168	123.3	3.302	1.	1.316	668.0	0.621	22.66
Dutch Guilder	0.613	0.376	0.901	23.71	2.510	0.760	1.	507.3	0.472	17.23
Italian Lira 1,000	0.460	0.741	1.774	184.5	4.945	1.497	1.262	1000.	0.930	33.93
Canadian Dollar	0.451	0.726	1.907	129.4	8.314	1.609	2.117	1075.	1.	35.46
Belgian Franc 100	1.238	2.183	3.226	543.9	14.57	4.412	5.804	2947.	8.741	100.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent. Medway 812348

LACOP Units	11.95	12.53	....	—

Lloyds Life Assurance
20, Clifton St., EC2A 4HX 01-920 0202

Multi Gwth. July 6	£2.02920		....	—
MltGwth ACap July 12	202.92	213.60	....	—
Op. 5 Prop. A July 22	226.8	[illegible]	....	—
Op. 5 Equity July 22	224.7	[illegible]	....	—
Op. 5 Hy. July 22	205.2	216.1	....	—
Op. 5 Man. July 22	[illegible]	[illegible]	....	—
Op. 5 Dep. July 22	170.4	179.4	....	—
Op. In. B July 22	119.0	125.3	....	—
Op. 5 Inc. D July 22	105.3	110.9	....	—
Op. In. Mel July 22	119.6	125.9	....	—
U.S. & F.I. July 22	109.2	115.0	....	—
O & G Pp. Fd. July 22	[illegible]	103.9	....	—
Pens. Pr. Ac. July 15	237.5	[illegible]	....	—
Pens.Pr.Cp. July 15	179.3	[illegible]	....	—
Pens.Eq.Ac. July 15	565.0	[illegible]	....	—
Pens.Eq.Cp. July 15	426.6	449.1	....	—
Pens.Fxd.Ac. July 15	274.4	288.9	....	—
Pens. Fxd. July 15	207.2	218.1	....	—
Pns.Mng.Ac. July 15	578.3	[illegible]	....	—
Pens.Mng.Cp. July 15	285.6	300.7	....	—
Pens. Dp. Ac. July 15	245.5	258.5	....	—
Pens. Dp. Cp. July 15	185.4	195.2	....	—

[illegible]

Abbey Life Assurance Co. Ltd.; Albany Life Assurance Co. Ltd.; AMEV Life Assurance Ltd.; Barclays Life Assur. Co. Ltd.; Black Horse Life Ass. Co. Ltd.; Canada Life Assurance Co.; Cannon Assurance Ltd.; Capital Life Assurance; Chieftain Assurance Funds; City of Westminster Assurance; Commercial Union Group; Confederation Life Insurance Co.; Cornhill Insurance Co. Ltd.; Credit & Commerce Insurance Co. (UK); Crescent Life Assurance Co. Ltd.; Crown Life; Crusader Insurance PLC; Eagle Star Insur./Midland Assur.; Equity & Law Life Ass. Soc. Ltd.; Equity & Law (Managed Funds) Ltd.; Family Assurance Society; G.T. Management Ltd.; Assicurazioni GENERALI S.p.A.; General Portfolio Life Ins. C. Ltd.; Growth & Sec. Life Ass. Soc. Ltd.; Guardian Royal Exchange; Hambro Life Assurance P.L.C.; Hearts of Oak Benefit Society; Henderson Administration; Hill Samuel Life Assur. Ltd.; Imperial Life Ass. Co. of Canada; Irish Life Assurance Co. Ltd.; King & Shaxson PLC; Langham Life Assur. Co. Ltd.; Legal & General (Unit Assur.) Ltd.; Legal & General Prop. Fd. Mgrs. Ltd.; London Indemnity & Gnl. Ins. Co. Ltd.; London Life Linked Assur. Ltd.; London & Manchester Gp.; M & G Group; Manufacturers Life Insurance Co.; Merchant Investors Assurance; Multiple Health and Life Assur. Co. Ltd.; NEL Pensions Ltd.; NPI Pensions Management Ltd.; National Provident Institution; New Zealand Ins. Co. (U.K.) Ltd.; Norwich Union Insurance Group; Pearl Assurance (Unit Funds) Ltd.; Phoenix Assurance Co. Ltd.; Pioneer Mutual Insurance Co. Ltd.; Planned Savings Group; Premium Life Assurance Co. Ltd.; Prop. Equity & Life Ass. Co.; Property Growth Assur. Co. Ltd.; Providence Capital Life Assc. Co. Ltd.; Provincial Life Assurance Co. Ltd.; Prudential Pensions Limited; Refuge Investments Limited; Reliance Mutual; Royal Life Insurance Ltd.; Save & Prosper Group; Schroder Life Assurance Ltd.; Scottish Amicable Investments; Scottish Mutual Assurance Society; Scottish Widows' Group; Skandia Life Assurance Co. Ltd.; Standard Life Assurance Company; Sun Alliance Insurance Group; Sun Life of Canada (UK) Ltd.; Sun Life Unit Assurance Ltd.; Target Life Assurance Co. Ltd.; Transinternational Life Ins. Co. Ltd.; Trident Life Assurance Co. Ltd.; Tyndall Assurance/Pensions; Vanbrugh Life Assurance; Vanbrugh Pensions Limited; Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS

Adig Investment; Albany Fund Management Limited; Allen Harvey & Ross Inv. Mgt. (C.I.); Alliance International Dollar Reserves; Arbuthnot Securities (C.I.) Ltd.; B.I.A. Bond Investments AG; Bank of America International S.A.; Barclays Unicorn International; Bishopsgate Commodity Ser. Ltd.; Bridge Management Ltd.; Britannia Intl. Investment Mngmt. Ltd.; Brown Shipley Tst. Co. (Jersey) Ltd.; Butterfield Management Co. Ltd.; CAL Investments (IoM) Ltd.; Capifrex S.A.; Capital Asset Managers Ltd.; Capital International Fund S.A.; Charterhouse Japhet; Charterhouse Japhet Currency Mgmt. Ltd.; Clariden Commodities (Isle of Man) Ltd.; Cornhill Ins. (Guernsey) Ltd.; Cortexa International; Craigmount Fixed Int. Mngrs. (Jersey); DWS Deutsche Ges. F. Wertpapiersp; Delta Group; Deutscher Investment-Trust; Drexel Burnham Lambert; Dreyfus Intercontinental Inv. Fd.; Duncan Lawrie Inv. Mgt.; Emson & Dudley Tst. Mgt. Jrsy. Ltd.; The English Association; Ermitage Management Ltd.; Eurobond Holdings N.V.; S.G. Europe Obligations S.A.; Eurotrust Investments Ltd.; Executive Life (C.I.F. Managers Ltd.); F & C Mgmt. Ltd. Inv. Advisers; Fidelity International; Fleming Japan Fund S.A.; Frankfurt Trust Investment-GmbH; Free World Fund Ltd.; G.T. Management (U.K.) Ltd.; Gartmore Invest. Ltd. Ldn. Agts.; Assicurazioni GENERALI S.p.A.; Granville Management Limited; Guinness Mahon Int. Fund (Guernsey); Hambro Pacific Fund Mgmt. Ltd.; Hambros Fd. Mgrs. (C.I.) Ltd.; Henderson Admin. & Man. (Guernsey); Henderson Baring Group; Hill-Samuel & Co. (Guernsey) Ltd.; Hill Samuel Investment Mgmt. Intnl.; HK Fund Managers (Jersey) Ltd.; I.C. Trust Managers Ltd.; IGF Management Services Inc.; N.V. Interbeheer; International Bond Trust; International Pacific Inv. Mgmt. Ltd.; Investment Advisors, Inc.; Invicta Investment Management; Jardine Fleming & Co. Ltd.; Kleinwort Benson Group; Korea International Trust; Korea Trust; Daehan Investment Trust Co. Ltd.; Lazard Brothers & Co. (Jersey) Ltd.; Leopold Joseph & Sons (Guernsey); Lloyds Bank (C.I.) U/T Mgrs.; Lloyds Bank International, Geneva; Lloyds Bank International, Guernsey; Louis Dreyfus Commodity Fund; M & G Group; Manufacturers Hanover Asset Mgt; Midland Bank Tst. Corp. (Jersey) Ltd.; Minerals, Oils Res. Shrs. Fd. Inc.; Samuel Montagu Ldn. Agents; Murray, Johnstone (Inv. Adviser); Nat. Westminster Jersey Fd. Mgrs. Ltd.; Negit S.A.; N.E.L. International; Northgate Unit Tst. Mngrs. (Jersey); Pacific Basin Fund; Phoenix International; Providence Capital International; Quest Fund Man. (Jersey) Ltd.; RBC Investment Managers Limited; Rothschild Asset Management (C.I.); Save & Prosper International; Schroder Mngt. Services (Jersey) Ltd.; J. Henry Schroder Wagg & Co. Ltd.; Schroder Unit Trust Mgrs. Int. Ltd.; Schroder Life Assurance Intl. Ltd.; Scrimgeour Kemp-Gee Mngmt., Jersey; Sentry Assurance International Ltd.; Signal Life Assurance Co. Ltd.; Singer & Friedlander Ldn. Agents.; Strategic Metal Trust Mngrs. Ltd.; Stronghold Management Limited; Surinvest (Jersey) Ltd.; TSB Trust Funds (C.I.); Tokyo Pacific Holdings N.V.; Tokyo Pacific Hldgs. (Seaboard) N.V.; Tyndall Group; M. G. Tyrrell & Co. (Jersey) Ltd.; Union-Investment-Gesellschaft mbH; Unico Invest. Fd. Mngt. Co. S.A. Lux.; V.C.A. Financial Management Co. Ltd.; Vanbrugh Fund Mngt. Intl. Ltd.; S. G. Warburg & Co. Ltd.; Warburg Invest. Mngt. Jrsy. Ltd.; Wardley Investment Services Ltd.; World Wide Growth Management; Wren Commodity Management Ltd.

NOTES

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
22Mar	22S	Exch. 9¾pc 1982	99⅝	[illegible]	9.29	12.08
5Jul	5Ja	Exch. 8¾pc 1983	99¼	[illegible]	8.83	10.66
21Aug	21F	Exch. 3pc 1983	96½xd	[illegible]	3.12	9.89
17S	17Mar	Treasury 12pc 1983‡‡	100⅛	[illegible]	11.99	11.67
18Ja	18Jul	Treasury 9½pc '83	98⅛	[illegible]	9.43	11.31
22May	22N	Exch. 13½pc '83	102	[illegible]	13.24	11.71
12Jan	12D	Exch. 10pc 1983	99⅛	[illegible]	10.09	10.65
15Jul	15Ja	Funding 5½pc '82-84‡‡	95⅞	[illegible]	5.74	8.70
20Aug	20F	Exch. 11¼pc 1984	100⅝xd	14.1	11.27	10.99
22N	22May	Exchequer 14pc 1984	103⅜	[illegible]	13.54	11.82
19D	19Jun	Exch. 3pc 1984	90¼	[illegible]	3.32	8.80
26Mar	26S	Treasury 12pc 1984	100⅝	17.3	11.93	11.60
22Aug	22F	Treasury 15pc 1985	106½xd	16.7	14.14	12.17
22S	22Mar	Exch. 12pc Cnv. '85	100⅛	15.2	11.99	11.91
21N	21My	Treasury 3pc 1985	85⅝	14.4	3.50	8.87
15Jan	15Jul	Treasury 11½pc 1985	99	8.6	11.62	11.90
22May	22N	Exch. 12¼pc 1985	100½	15.4	12.19	12.01
25 Aug.	25F	Exch. 11¾pc '86	99½xd	19.7	11.81	12.00
19N	19May	Treasury 3pc 1986	81¾	13.4	3.67	8.76
12D	12Jun	Treasury 12pc '86	100⅛	6.5	11.99	11.90
10Ja	10Jul	Treasury 8½pc '84-86‡‡	92¾	3.6	9.16	10.80
14Ja	14Jn	Treas. 12¼pc '86 Cnv.	101⅛	—	12.11	11.85
29Apr	29Oct	Exch. 14pc 1986	105¾	—	13.24	12.20
22Jul	22Jan	Exch. 13¼pc 1987	103⅝	[illegible]	12.79	12.16
1N	1May	Funding 6½pc '85-87‡‡	86	[illegible]	7.56	10.28
14Ja.	14Jul	Treasury 3pc 1987	77⅝	—	3.86	8.64
		Five to Fifteen Years				
3 May	3N	Treas. 12pc 1987	101¼	[illegible]	12.18	12.36
26Jul	26Ja	Treasury 7¾pc '85-88‡‡	87¼xd	[illegible]	8.88	10.91
1Ja	1Jul	Transport 3pc '78-88	73	[illegible]	4.12	9.02
22Aug.	22F	Treasury 11½pc 1989	93½xd	[illegible]	12.24	12.85
15Ap	15Oct	Treasury 5pc '86-89	73¾	[illegible]	6.91	10.54
15Jul.	15Ja.	Treasury 13pc 1990‡‡	100⅞	[illegible]	12.94	12.88
22Sept	22Mar	Exch. 12½pc 1990	101⅝	[illegible]	12.85	13.05
15O	15Jun	Treasury 8¼pc '87-90‡‡	83¾	[illegible]	10.02	11.74
10Jul	10Ja	Treasury 11¾pc 1991	95⅞	[illegible]	12.59	13.06
5Oct.	5Ap.	Funding 5¾pc '87-91‡‡	70¼	[illegible]	8.34	11.48
25Ap.	25Oct.	Exch. 11pc 1991	92	19.[illegible]	12.32	13.01
22Jul.	22Ja.	Treasury 12¾pc '92‡‡	98⅝xd	[illegible]	12.95	13.02
21Aug.	21Fb.	Treasury 10pc 1992	84⅛xd	15.7	11.79	12.79
25Fb.	25Aug.	Exch. 12¼pc '92	94⅛xd	15.6	12.83	13.08
22Mar.	22S	Exchequer 13½pc '92	106⅛	15.2	13.31	13.20
14Ja.	14Jul.	Treasury 12½pc '93‡‡	97⅛	7.6	12.92	13.07
15Mar.	15S	Funding 6pc 1993‡‡	66⅞	8.2	9.24	11.70
23May	23N	Treasury 13¾pc 1993‡‡	105½	16.4	13.34	13.19
1S	1Mar	Treasury 14½pc '94‡‡	113¾	25.1	13.50	13.22

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

10	Aust. 6pc 1981-83	94¼	30.4	6.43	11.28
1J	N.Z. 7¼pc 1988-92	67½xd	—	10.80	13.29
15A	Do. 7½pc '83-86	87½xd	17.5	8.63	11.70
10	S. Rhod. 2½pc Non-Ass.	157	—	—	—
—	Do. 3½pc 80-85 Asstd.	68	10.2	5.24	17.00
—	Do. 4½pc 87-92 Asstd.	41xd	7.7	10.98	17.40
15A	Zimbabwe Ann (£100pd)	380	15.3	—	19.40

LOANS

Public Board and Ind.

1J	Agric. Mt. 5pc '59-89	67	1.1	7.48	12.22
15	Met. Wtr. 3pc 'B'	31½	1.3	9.88	12.43

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net
Jan.	July	ANZ $A1	205	[illegible]	028c
Feb.	Aug.	Alexanders D. £1	268	[illegible]	18.5
May	Aug.	Algemene Fl.100	560	[illegible]	026%
Dec.	June	Allied Irish	84	7.[illegible]	05.3%
	July	Arbuthnot (H.) 5p.	13	[illegible]	0.35
July	Jan	Bk. Ireland £1	225	17.[illegible]	023.4%
May	Nov.	Bk. Leumi $0.1	2	17.[illegible]	008%
Aug.	Feb.	Bk. Leumi (UK) £1	190	17.[illegible]	10.15
Jan.	July	Bk. N.S.W. $A1	148	[illegible]	024c
Nov.	May	Bank Scotland £1	375	30.[illegible]	21.0
Apr.	Oct.	Barclays £1	388	[illegible]	t22.0
Jan.	July	Brown Shipley £1	220	[illegible]	7.0
Jan.	July	Cater Allen £1	340	7.[illegible]	23.8

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov.	May	Falcon Rh.50c	95	15	025c	10.3	19.6
Nov.	May	Wankie Col. Z$1	21	19.4	03c	1.2	11.5

[illegible]

Australian

[illegible]

Tins

[illegible]

For Messina see South Africans

Miscellaneous

[illegible]

NOTES

[illegible] ... official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	41	+1
Bertrams	17#	.....
Bdg'wtr. Est. 50p	425	+5
Craig & Rose £1	£12½	.....
Finlay Pkg. 5p	26	.....
Graig Ship. £1	£24	.....
Higsons Brew.	95	+3
Holt (Jos) 25p	820	.....
I.O.M. Stm. £1	95	.....
Pearce (C. H.)	£10¾	−⅛
Peel Hldgs.	151	.....
Sheff. Refrshmt.	80	+1
Sindall (Wm.)	225	.....

IRISH		
Conv. 9% '80/82	£98¼	+⅛
Nat. 9¼% 84/89	£70⅝	+⅞
Fin. 13% 97/02	£78¾	+¾
Alliance Gas	86	.....
Arnott	210	.....
Carroll (P.J.)	72	.....
Concrete Prods.	50	.....
Heiton (Hldgs.)	17	.....
Irish Ropes	34	.....
Jacob	65	.....
T.M.G.	5	.....
Unidare	45	.....

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	10	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	10
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lofs"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	20	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr.	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	38
Gen. Electric	65	Sears	6		
Glaxo	42	T.I.	13	**Mines**	
Grand Met.	17	Tesco	5½		
G.U.S. 'A'	45	Thorn EMI	42	Charter Cons.	25
Guardian	25	Trust Houses	11	Cons. Gold	45
G.K.N.	15	Turner & Newall	11	Lonrho	7
Hawker Sidd.	30	Unilever	55	Rio T. Zinc	42

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FINANCIAL TIMES

Monday July 26 1982

Accounting vote in the balance

BY BARRY RILEY, FINANCIAL EDITOR

A HEAVY postbag today is likely to determine the outcome of the vote by members of the Institute of Chartered Accountants in England and Wales on the future of the current cost accounting standard SSAP 16.

Voting has been neck-and-neck on the resolution proposed by Mr David Keymer and Mr Martin Haslam, the two partners of a firm in Burgess Hill, Sussex, that SSAP 16 should be withdrawn.

At one stage the running count indicated a slight majority for Mr Keymer and Mr Haslam, but a subsequent swing has put opponents of the motion narrowly in the lead.

Voting has already been exceptionally heavy at nearly 30,000, but many more accountants were expected to fill in their proxy forms over the final weekend of the voting period.

Proxy votes must be received by the institute tomorrow and a special meeting will be held at the Institute's premises in the City on Thursday.

It is unclear what the constitutional consequences would be if Mr Keymer and Mr Haslam win the vote. Accounting standards are not set by the English institute, even though it is the largest of the UK accountancy professional bodies. Accordingly the Council of the Institute has no direct power to revoke SSAP 16.

The self-regulatory structure of the accountancy profession is complex. The body which formulates accounting standards is the Accounting Standards Committee, which is technically a sub-committee of the Consultative Committee of Accountancy Bodies (CCAB).

Besides the English institute, the CCAB includes the corresponding Scottish and Irish chartered institutes and three other bodies — the Association of Certified Accountants, the Institute of Cost and Management Accountants, and the Chartered Institute of Public Finance and Accountancy.

The individual bodies are involved directly in the enforcement of standards set by the ASC. Thus compliance with SSAP 16 is mandatory on all members of the English institute and other bodies.

The question that will arise if a majority of English institute members reject SSAP 16 is whether the Council of the Institute will continue to be able to enforce compliance.

A similar Keymer-Haslam motion five years ago forced the accountancy bodies to abandon an earlier version of current cost accounting. Subsequently a simpler version was introduced after much consultation. It had a restricted coverage, being limited mainly to listed companies, and eventually resulted in SSAP 16 two years ago.

However, opposition to current cost accounting in any form has apparently continued to be strong.

Whatever happens on Thursday, SSAP 16 is due for a fundamental review after the initial experimental three years of operation. This review is due in about a year's time.

The extent of opposition to SSAP 16 among working accountants, even if support for the Keymer-Haslam motion falls slightly short of a majority, inevitably will raise serious questions about the future of the standards.

One option being considered by the profession's leaders is a return to the current purchasing power approach developed in the early 1970s before the Sandilands Committee in 1975 decided in favour of the current cost approach.

Mr Keymer and Mr Haslam have stated that all they feel is necessary in the place of SSAP 16 is a simple statement showing the effect of inflation on shareholders' funds. They would recommend that this should be issued in the form of a guideline to members of the institute as being of "best accounting practice."

Coal import curbs may cost £35m

By Sue Cameron

GOVERNMENT restrictions on UK coal imports cost the taxpayer about £20m during the last financial year and may cost more than £35m by the end of 1982.

The Central Electricity Generating Board is expected to reveal the cost of the 1.8m tonnes stockpile of coal it has at continental ports when it publishes its annual report on Thursday.

The figures will be released only a week after Mr Nigel Lawson, Energy Secretary, told the Commons Energy Select Committee that under a three-year contract signed last year, Electricité de France, the French state electricity corporation, was able to buy UK coal more cheaply than its British counterpart.

The electricity board appears to be growing more restive about the stringent limits imposed on coal imports from Australia. It has a long-term contract due to expire next year to take 2m tonnes of coal per annum from Australia.

The Australian coal, for use in southern power stations easily accessible by water, is estimated to be between 10 per cent and 20 per cent cheaper than National Coal Board supplies from pits in North-East England.

Last year, following the miners' threat to strike, the Government "requested" the CEGB to import no more than 0.75m tonnes of coal a year. The board agreed, with the proviso that it must not suffer financially as a result.

The Government is now paying it compensation for the cost of its ever-rising coal stocks on the other side of the Channel.

Further discussions on coal imports which appear to have resulted in a 12-month extended restriction on imports, are thought to have been held in the last few weeks.

The board's stockpile of coal on the continent is expected to reach 2.5m tonnes by the end of this year as a result.

Last year almost 84 per cent of the electricity generated by the CEGB came from coal-fired power stations with fuel accounting for some 60 per cent of the board's fixed costs.

Coal for France, Page 4

Taylor Woodrow to try private financing of public works

BY ANDREW TAYLOR

DETAILS of proposals which could lead the way to private financing of a wide range of public-sector construction projects are being prepared by Taylor Woodrow, one of the largest construction groups.

In a move to test the reaction of Government and City institutions the company intends to submit specific private financing proposals involving actual projects in the public expenditure programme.

Two test cases have been chosen, a sewerage works and a scheme involving provision of additional airport terminal facilities.

Taylor Woodrow will not reveal where either scheme is, as it says its intention at this stage is to explore various ways of using private finance to supplement public expenditure on construction.

The company, which is co-ordinating its efforts through the Civil Engineering Economic Development Committee, says it is not tendering for either contract, but attempting to provide a blueprint for future private financing schemes.

It does not rule out the possibility of eventually making a firm tender for the contracts, either on the basis of a privately financed scheme or through the existing public expenditure programme.

Taylor Woodrow's test case approach is in addition to other studies being carried out by the Transport Department and civil engineering companies into the possibility of using private finance to support the road-building programme.

All the proposals so far considered have been broadly similar in approach.

The contractor would arrange private finance and develop a public work. Repayment would be in the form of royalties based on actual use made of the public works, and payment be over an agreed number of years.

In the case of motorways, for example, royalty payments would be based on the number of vehicles using the road.

Under the terms of these proposals the contractor would be financially responsible for repair and maintenance of the public works during the life of the agreement.

The dilemma facing the industry is how to structure funding arrangements to satisfy Treasury definitions of allowable "private-risk" investment and still present an attractive package to financing institutions.

Crucially, contractors would want to see some form of indexation of royalty payments and a minimum cash return on their investment guaranteed by Government.

Pleas for help, Page 7

Steel exports

Continued from Page 1

The basis of the U.S. position is that steel industry's demand that imports should be reduced from 19 per cent of the domestic market to only 13 per cent, and Washington's view that the EEC should count for a third of reduced steel imports.

With an array of anti-subsidies and anti-dumping procedures initiated on June 10 that would progressively stifle almost half of all EEC steel exports to the U.S., Washington is well placed to impose such terms.

But as it has been pointed out in the EEC capitals, it would only do so at the expense of transatlantic political relations. The risk is a tit-for-tat U.S.-EEC trade war that could also damage the Nato alliance.

Both sides have lately emphasised that a steel settlement is obtainable and would help diffuse such other trade tensions as the rows over the Soviet gas pipeline and agricultural exports. Yet there have been no signs so far of the U.S. easing its restrictive demands.

The broad terms of the "mark two" global steel deal, that the EEC hopes to make before the U.S. acts on August 9 on 18 anti-dumping cases and a further 13 countervailing suits now pending, already show a new softening of the European position. The EEC proposals will cover 11 steel categories, rather than the five groups that Brussels had at first envisaged.

In addition to those five—hot and cold-rolled sheet and strip, plate, structural steel and galvanised sheet—the Community will now include carbon bars, wire rod, tinplate, rails, various alloyed steels and special steels.

The U.S. has already indicated that a cut by the EEC to only 5.9 per cent of its market for all these products would be unacceptable, even though that would represent a reduction of over 15 per cent.

Furthermore, it is far from certain that the U.S. will accept the Brussels requirement that EEC steelmakers' thriving trade in tubes and pipes should be excluded from the agreement, even though U.S. output of these items remains insufficient. So far, Washington has been pressing for their inclusion.

Negotiations on quotas in different products that would be dictated by EEC export licences complicate the shape of any future settlement, but in general terms the gap to be bridged is of a U.S. demand for a 1.5m tonnes a year cut on EEC exports traditionally of some 6.5m tonnes, while Brussels' latest offer fell short of 400,000 tonnes.

A further difficulty to be resolved is U.S.-EEC disagreement over the reference period against which any cuts would be measured. The EEC has insisted on 1977 to 1981 as a wide period that averages out surges, while the U.S. requires that 1979-81 should be the base.

Brussels experts believe that the hardest task of preparing a new offer for negotiation by the European Commission with the U.S. on August 3-6 may be the parallel undertakings that will be required from member states to reduce their steel output quotas and so preserve EEC prices and steel production.

The hallmark of the abortive bilateral offer was its EEC burden-sharing aspect, which particularly favours Britain, but it is far from certain that Community solidarity will persist in the face of still more stringent export cuts affecting almost a quarter of total EEC exports.

NISSAN CAR PLANT POSTPONEMENT

Councils face dilemma over sites

BY JOHN GRIFFITHS

OFFICIALS OF eight UK local authorities spent a sombre weekend contemplating the fact that their chance of winning a glittering industrial prize—a 200,000 cars a year Nissan plant—appears to be slipping from their grasp.

Saturday morning's announcement by Mr Masataka Okuma, Nissan's vice-president, that his company is postponing indefinitely a decision on whether to proceed with the plant has left authorities such as South Glamorgan County Council in a dilemma.

They have to decide what the chances are in the future of Nissan setting up a plant in Britain. More specifically they must decide what to do with the sites earmarked for the company.

From the moment Nissan first announced its feasibility study more than 18 months ago, South Glamorgan raised the drawbridge against any other potential takers of a 230-acre site at Wentloog, on the South Glamorgan coast, which it had begun developing as an industrial area aimed at offsetting the decline of South Wales's traditional industries.

It has spent about £2¼m on site preparation and access roads. The spending was not undertaken specifically for Nissan. It was believed that industrial projects, of the type requiring 50 acres each at least, could be attracted.

But the lure of the Nissan project, to employ at least 5,000 workers and create many more jobs in supply industries, was such that the council started the process by which it could acquire a further 550 acres to provide the 800-acre site Nissan wanted. It has reserved Wentloog for the Japanese company since then.

The council must now decide if it can afford to continue to play the waiting game or whether, against the background of 30 per cent unemployment in parts of its area, it should start an immediate drive to catch smaller fish.

The same applies, in varying degrees, to the seven other authorities with sites in which Nissan has expressed an interest.

Mr Okuma said the company, despite reports of a shortlist of three, is still studying all eight sites: three in the North-East, three in the North-West and two in Wales.

He refused to indicate when a final decision might be taken.

Instead Mr Okuma blamed the delay on the uncertain outlook for the world motor industry: "So much so that we are not yet in a position to make a decision one way or the other on this project, which is potentially the biggest investment ever undertaken by a Japanese company in the UK." (It is estimated at £500m.)

Nissan is facing considerable pressure from Japan's own Ministry of International Trade and Industry, which has been showing mounting concern over protectionism and sees direct investment overseas as a way of countering it.

Mr Okuma acknowledged that were the plant not to go ahead "the result would be to strengthen protectionist moves."

He implied that the level of UK and continental components in cars built by a UK plant was no longer a matter of contention.

Mr Okuma also indicated that Nissan was not particularly worried about its ability to build cars in the UK labour relations climate. Similarly, the precise level of government aid for the project, though still unresolved, did not appear to be a major barrier.

The root of the problem appears to be that the Nissan board is split on the project's desirability. The project's size is such that it cannot be undertaken without the board's unanimous approval.

Mr Patrick Jenkin, UK Industry Secretary, who had talks with Mr Okuma about the project on Friday, is expected to give a written answer in the Commons today about the project.

Regular talks are expected to continue between Government officials and Nissan. However, the next opportunity for high-level talks is not expected to be before September, when Mrs Thatcher makes an official visit to Tokyo.

Khomeini warns Iraq's Gulf supporters

By James Dorsey in Kuwait

AYATOLLAH KHOMEINI, Iran's spiritual leader, has warned the other Gulf states that their support for Iraq in its war against Iran is "criminal" and a betrayal of Islam. If they did not change their policy, he said at the weekend, "Islam's verdict against them will be executed."

The ayatollah's statement is the strongest warning yet to Iraq's backers in the region. It followed similar threats last week from Sayed Ali Khamenei, the Iranian President, and other senior officials in Tehran.

Diplomats in Kuwait attribute particular importance to the ayatollah's words because he is the final arbitrator in all Iranian policy decisions. He stressed, however, that Iran wished to live in brotherhood with the other Gulf States, and emphasised that Iran had no territorial claims on those Islamic countries.

The Gulf States have provided $24bn (£13.7bn) to help to finance the Iraqi war effort since the conflict began in September 1980. Kuwait, Jordan and Turkey are vital transit stations for goods to and from Iraq. But drivers say that the flow of goods from Kuwait to Iraq has dropped in recent weeks from 12,000 to about 7,000 tonnes a day. A third of the total volume is believed to be of wheat.

Iran has attacked Kuwait three times since the beginning of the war, in actions believed to have been warnings signals.

Reports of the fighting at the weekend indicated that Iran had made little headway since it invaded Iraq 13 days ago. Iranian troops are believed to occupy only a stretch of Iraqi territory 2km deep, north-east of the port of Basra.

The joint staff of the Iranian armed forces claimed that its troops had broken through Iraqi defence lines on a line stretching from Shalamche, 16 km north-west of the destroyed Iranian port of Khorramshahr, to the Iraqi port of Basra. About 700 Iraqis had been killed, it added.

The official Iraqi news agency reported, however, that Iraq had pushed Iranian forces back across the border during heavy fighting on Friday night and Saturday morning. It claimed that 3,500 Iranians had been killed.

The authorities in the capital, Baghdad, are reported to have banned Iraqi nationals from travel abroad.

Weather

UK TODAY

CLOUDY START but bright periods developing. Mostly dry.

NE, S and Midlands England, S Wales and SE Scotland
Mostly dry but cloudy at first, sunny periods developing. Max 22C (72F).

N Wales, NW England, W Scotland, N Ireland, NE Scotland
Local drizzle and hill fog, sunny intervals developing. Max 18-20C (66-68F).

Outlook: dry with sunny periods.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	27	81	L. Ang.†	C	19	66
Algiers	S	31	88	Luxmbg.	C	18	64
Amsdm.	C	17	63	Luxor		—	—
Athens	S	30	86	Madrid	S	30	86
Bahrain	S	38	100	Majorca	F	29	84
Barclna.	S	27	81	Malaga	F	23	73
Beirut		—	—	Malta	S	32	90
Belfast	C	15	68	M'chstr	C	20	68
Belgrd.	T	19	66	Melbne.	F	17	63
Berlin	F	27	81	Mx. C.†		—	—
Biarritz	C	22	72	Miami†	S	27	81
Bmghm.	F	22	72	Milan	F	26	79
Blackpl.	C	18	64	Montrl.†	C	21	70
Bordx.	F	25	77	Moscow	C	19	66
Boulgn.	F	18	66	Munich	C	19	66
Bristol	F	21	70	Nairobi	C	21	70
Brussels	C	18	64	Naples	F	28	82
Budpst.	T	21	70	Nassau		—	—
Cairo	S	33	91	Nwcstl.	C	18	64
Cardiff	F	23	73	N York†	S	23	73
Cas'bca	S	25	77	Nice	S	27	81
Cape T.	S	16	61	Nicosia		—	—
Chicg.†	C	21	70	Oporto	S	21	70
Cologne	C	19	66	Oslo	C	21	70
Cpnhgn.	C	23	73	Paris	C	19	66
Corfu	S	31	88	Perth	S	18	64
Denvert	C	17	63	Prague	F	24	75
Dublin	C	20	68	Rykjvk.	R	10	50
Dbrvnk.	F	28	82	Rhodes	S	29	84
Ednbgh.	C	19	66	Rio J'o†		—	—
Faro	S	23	84	Rome	S	27	81
Florence	C	24	75	Salzbrg.	C	18	66
Frankft.	F	24	75	S'cisco†		—	—
Funchal		—	—	S. Mritz.		—	—
Geneva	R	15	59	Singapr.	C	31	88
Gibrltr.	F	21	70	S'tiago†		—	—
Gl'sg'w	F	19	66	Stckhm.	F	27	81
G'nsey	F	17	63	Strasbg.	R	20	68
Helsinki	S	24	75	Sydney	F	18	81
H. Kong	F	32	90	Tangier	S	25	77
Innsbrk.	R	17	63	Tel Aviv	S	28	82
Invrnss.	C	18	64	Tenerife	S	30	86
I.o.Man		—	—	Tokyo	R	22	72
Istanbul	S	29	84	T'rnto†	C	21	70
Jersey	C	20	68	Tunis	F	32	90
Jo'burg	S	18	64	Valencia	S	30	86
L. Plms.	S	30	86	Venice	F	25	77
Lisbon	S	27	81	Vienna	C	21	70
Locarno	C	23	73	Warsaw	F	26	79
London	F	22	72	Zurich	R	14	57

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

No absolving sins of Commission

The pedantic application of sloppy terms of reference is a recipe for bad decisions, as the Monopolies Commission proves from time to time. Rarely have the ingredients been so finely blended as in its decision last year to allow S & W Berisford's bid for British Sugar to go ahead. The commission made clear that it saw nothing to be said for the bid, and positively disliked certain aspects. But as it *could not establish* that a take-over was likely to operate against the public interest, it felt obliged to let it proceed.

Its reservations were great enough, however, for the progress of the bid to be made conditional on various courses of action by Berisford. Conditional approval, so tempting a *compromise* in the *committee* room, is in fact a trap. The commission no longer says yes or no. It says "Yes, if . . ." which is a tiny step away from "No, but . . ." No wonder Lonrho treats the refusal of its bid for the House of Fraser not as an interdict, but as a basis for further discussion.

The logical conclusion is that future judgments passed down by the commission become preliminary, provisional and ultimately negotiable. It is in danger of turning into its own court of appeal.

That is why British Sugar's attempts to have Berisford's new bid reviewed by the commission should be resisted by the authorities. British Sugar is fighting a rearguard action of quite extraordinary energy centred on the argument that the 1982 bid is different enough from its predecessors to warrant new scrutiny from all the relevant (and irrelevant) regulatory bodies.

British Sugar's shares have risen by 50 per cent between the two offers, and it can now claim that Berisford is trying a reverse takeover. It argues that its capital expenditure plans—important to the food industry as a whole, its suppliers and retail customers — are endangered by the level of gearing of the enlarged group. The Monopolies Commission must have looked at all these points last time—even if the likely numbers were rather different—and it did not consider them critical.

The combined balance-sheet of the two companies is indeed highly geared, with a debt-to-equity ratio of roughly two-to-one. There will be some comical attempts by Berisford's stop-loss advisers, S. G. Warburg, to conjure these figures away with the argument that as some £200m of Berisford's debt is linked to commodity trading, why, it is not debt at all—which makes the *gearing one-to-one*. *If half the* British Sugar shareholders take Berisford paper, then, look, it is only 0.6 to 1.

But should the level of gearing concern the Monopolies Commission? Berisford could have brought the ratio down by financing the whole deal with paper. As it is, it has framed the share alternative in a way that suggests it would prefer to issue as few shares as possible. This is presumably being done on the assumption that the absence of earnings dilution in a cash bid will lead to a higher share price and a more favourable opportunity to refinance with equity later on. *Nor do the* banks seem worried. They are providing Berisford with a very large syndicated loan facility.

The other possible rescuer for British Sugar is the Competition Directorate of the European Commission; from which an intervention is unlikely if only because unprecedented. In theory, at least, the effect of the merger on competition in the sugar market was examined exhaustively in the nine-month investigation by the UK Monopolies Commission. What needs to be finally decided now is when a decision is final.

Hire purchase

Once upon a time the manipulation of hire purchase restrictions was a standby for all fine-tuning Chancellors of the Exchequer. Now it takes up rather less space in budget speeches. The imminent relaxation of controls on cars and consumer goods looks like a mixture of concession to the motor industry lobby, removal of anomaly and minor backdoor stimulation to a flat economy.

Clearly anything that boosts car sales at the beginning of the new registration year will go down well in Birmingham. It may also be argued that the controls had become inappropriate in an increasingly free *credit market*. *What were they* there for—to act as a prudent check on consumer balance-sheets, or as a regulator for the Treasury to move up and down?

As a straightforward expansionary measure, though, relaxation at this point looks rather add. Imports are already running on a strong tide, and the sectors affected by the controls are notable for their high level of import penetration. Consumer spending as a whole—unless there is something wrong with the recent retail sales figures—is relatively buoyant. And the banking statistics suggest that consumers are already rather highly geared in relation to their earnings.

For the gilt-edged market, the change in the rules is probably less important for its direct impact on consumer indebtedness than as a sign of official attitudes—which point to stimulation, short of a proper old-fashioned fiscal boost. In any case, in the new game of "over-funding" (always won by the Bank), it does not really matter. If there is a consumer borrowing boom, there will be more sales of gilt-edged—just as if the PSBR were overshooting.